

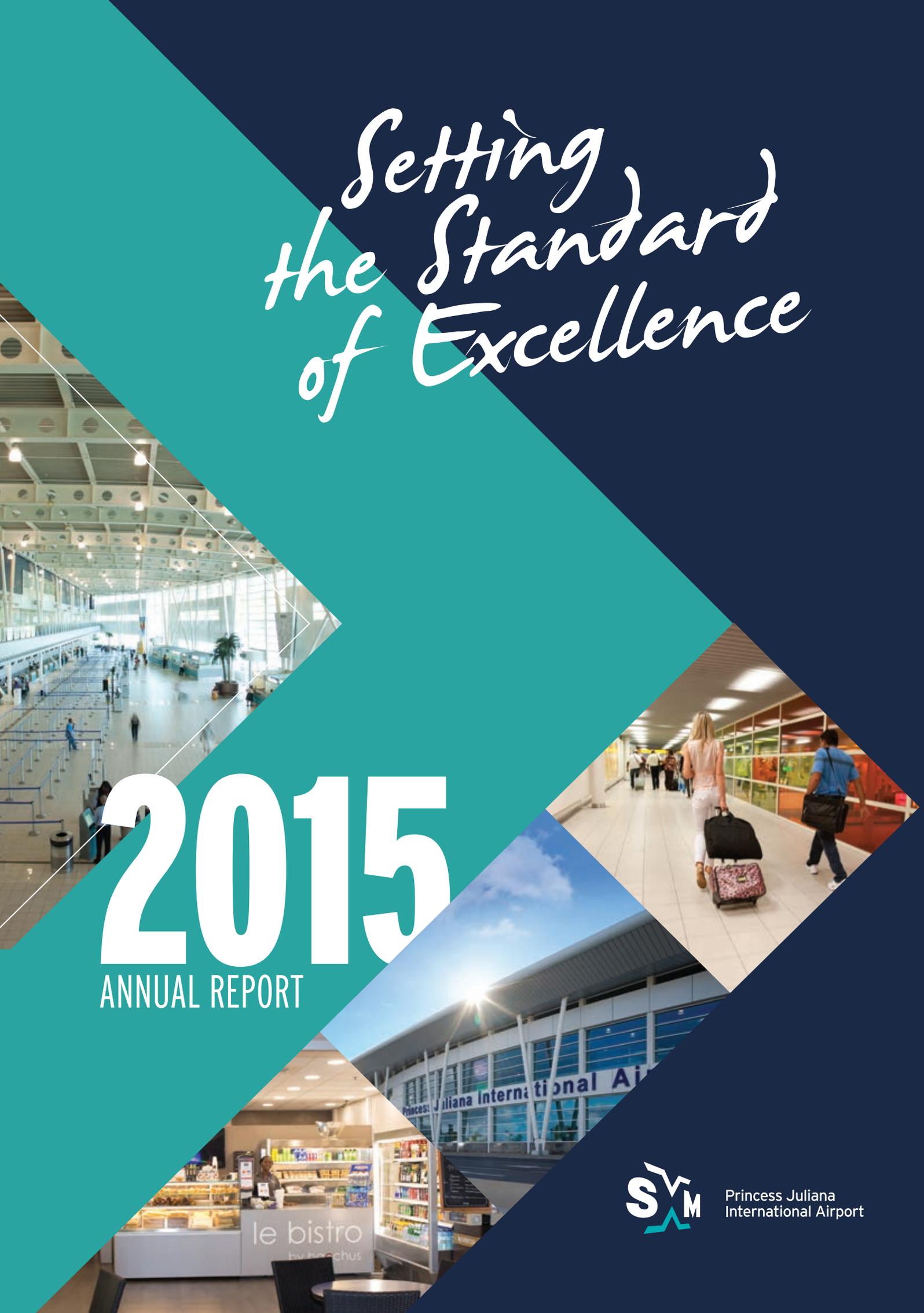
*Setting
the Standard
of Excellence*

2015

ANNUAL REPORT



Princess Juliana
International Airport



DUTY FREE SHOPPING



VISION

En route to new horizons.

MISSION

To be the regional leader in providing safe, secure, quality and profitable airport services that contribute to the general economic and tourism development of St. Maarten/St. Martin and the region we serve.



*From the Deputy
Managing Director*

FOREWORD

Princess Juliana International Airport Operating Company N.V. (PJIAE) enjoyed yet another positive year in 2015, which can be contributed to the increase in traffic numbers, stable retail revenue and prudent management.

The year was marked by important progress towards the achievement of the organization's strategic objectives aimed at further strengthening PJIAE's position as regional leader in providing safe, secure and quality airport services.

Princess Juliana International Airport is more than a transportation hub. It is a critical piece of infrastructure and a catalyst for economic and tourism development of St. Maarten/St. Martin, and the many communities it serves.

Our efforts for "Setting the Standard of Excellence" resulted in us receiving several awards during this past year, for quality, service and introduction of new technology in keeping with industry standards.

Many islands in the Caribbean have constructed, are constructing or upgrading their airport's facility and infrastructure to meet growing demands. We must therefore remain vigilant, as we cannot risk jeopardizing our position as a regional leader and the destination's competitiveness. While meeting a wide range of daily operational challenges, our activities during the past year consequently, also focused on creating a firm basis for future growth.

PJIAE is fortunate in having a motivated management team and workforce, who continuously engage in "out of the box thinking". It is a team that is committed on building on the company's strength, so that we can continue to contribute to the island's prosperity.

On behalf of management and staff of PJIAE N.V., I wish to express my appreciation to all who supported us this past year. In addition, I also wish to thank the employees for their continued commitment to our mission and to the supervisory board of directors and the shareholders for their support and confidence.

Larry Donker
Deputy Managing Director

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Airport
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1.0 EXECUTIVE SUMMARY

1.1 OVERVIEW

The purpose of this report is to describe developments at Princess Juliana International Airport's (SXM) in terms of aeronautical activities, particularly passenger volumes that contribute to some 63.5% of the airport's total revenues in 2015, and to compare how St. Maarten, as a Caribbean destination, has done relative to comparable Caribbean island competitors. Five sets of statistics have been utilized for this purpose:

1. SXM Passengers as reported by airlines operating at the airport;
2. Tourist Arrivals at St. Maarten as captured by St. Maarten Customs/Immigration;
3. Competing Caribbean island visitors, as provided by the Caribbean Tourism Organization (CTO);
4. SXM air cargo;
5. SXM Aircraft Movements

1.2 SXM PASSENGER STATISTICS

SXM passenger statistics cover travelers in and out of SXM as well as St. Maarten resident travel whereas St. Maarten Tourist arrival statistics only account for inbound travel, excluding St. Maarten residents. As of May 2016 both sets of statistics are up to date to the end of December 2015.

On the SXM statistics side, there are two types of passenger totals that are often quoted. The first is the Grand Total, which records all passengers that pass through the airport including Transit passengers who stay onboard the aircraft as it passes through SXM. Secondly, there is the total that actually spends time within the SXM terminal itself. The latter group are considered the more Relevant passenger type as they use the terminal building, pay airport fees, purchase SXM retail products and food & beverages and make a contribution towards capital expenditures on new facilities.



In terms of the passenger Grand Total, there were 1,829,543 in 2015, a +1.9% increase over 2014. Total Relevant SXM passengers, on the other hand, saw an increase of +3.0% to 1,715,310 passengers in 2015. The difference between the two numbers is that Transit passengers diminished by -12.3% which caused the grand total to increase by slightly less than the Relevant total because they are not included in the Relevant total.

Of the Relevant passengers, the most important are those departing SXM (enplaned), as they pay the actual passenger fees while arriving (deplaned) passengers do not. These 2015 departing passengers had a +3.6% increase over those in 2014, an even higher increase than the total departing & arriving passengers at +3.0%.

In the category of Relevant departing passengers, International were the largest component in 2015, representing 91.8% of the total commercial passengers (this excludes transit passengers), with Domestic at 8.2%. International grew by +3.9% in 2015 compared to 2014 while Domestic dropped by -0.6%. A Domestic passenger is considered as a traveler to or from one of the former Netherland Antilles islands that include Saba, St. Eustatius, Bonaire, or Curacao.

Transfer passengers, are a sub-category of both International & Domestic passengers, and they increased by +6.1% in 2015, over those in 2014. Exempt passengers (those under 12 years of age that pay no departure fee increased by +12.2% in 2015 to 6,068 after decreasing in 2014 by -59% relative to 2013.

The biggest contributor to SXM's growth in 2015, in terms of the absolute number of passengers on airlines from a single region, was the airlines of the Caribbean market that saw +11,522 more SXM travelers in 2015 vs 2014. This was followed by Canada at +11,386 passengers. In terms of highest percentage increase of airline passengers from a region in 2015, Canada topped the list at a +24.9% increase over 2014.

SXM Change in the Volume of Departing Passengers from 2014 to 2015, by Region		
Region	Passenger Change	2015 Growth
USA	6,279	1.5%
Caribbean	11,522	4.9%
Europe	2,556	2.4%
Canada	11,386	24.9%
C/S America	-707	-3.7%
FBO & Private	-1,498	-12.5%
Total	29,538	3.5%

The seasonality of SXM departing passengers has a peak in March and a low month in September which has been consistent over the years.

1.3 VISITOR ARRIVAL STATISTICS

St. Maarten visitor arrivals have been compared to the volume at 12 other Caribbean islands in order to better understand how St. Maarten has performed since 2014, in the short-term and compared to 2011 in the longer-term. The +1.1% increase in



St. Maarten visitors in 2015 compared to 2014 was below the 12 island average growth of +3.5%. However, in the longer five year term St. Maarten growth of +19.1% exceeded the 12 island average increase of +10.1%.

In 2015 compared to 2014, the St. Maarten visitor increase of +1.1% was higher than four other islands but lower than eight others. On the other hand, in the longer term horizon, St. Maarten had the third highest growth of all twelve islands.

The islands that have the closest volume of visitors to that of St. Maarten, namely Martinique and Barbados, saw their higher number erode over the five year time frame since 2011. In fact Martinique had +17.0% more visitors than St. Maarten in 2011 but -3.7% fewer than St. Maarten in 2015.

St. Maarten's biggest success would appear to be in the Canadian market where they have the second highest visitor volume total after Barbados but have seen a +65.5% increase in such visitors over the last five years compared to the Barbados increase of only +3.5%.

In the USA market St. Maarten was second only after the Cayman Islands and in the Europe market third after Barbados and Curacao.

The USA-Cayman Islands, five year growth still leads all Caribbean islands in Visitor growth despite minor growth of +1.3% from 2014 to 2015. Curacao growth over the five years has, with a 2015 growth over 2014 of +3.9%, surpassed St.

Maarten, at +20.0% growth versus St. Maarten at +19.1%.

In terms of total visitors, Barbados has turned around a four year negative growth of -8.6% to a five year growth of +4.3% as a result of 2015 increasing by +13.9% over 2014. Similarly St. Vincent and Trinidad/Tobago moved from negative -4.3% growth over four years to positive five year growth of +2.1% and +2.0% respectively after both saw a +6.6% growth in 2015 over 2014.

Still languishing with negative growth is Martinique with a -0.4% reduction in 2015 over 2014 leading to a five year negative growth of -1.8% versus the four year change of -1.4%. Also on the negative growth side, Dominica moved from a positive four year growth of +7.8% to a negative -1.4% five year change as a result of an -8.6% reduction in 2015 versus 2014.

1.4 OTHER PERTINENT STATISTICS

Many of the All-Cargo airlines at SXM did not provide cargo statistics in 2015 so there is no such overall information that can be provided. However, airlines that offer cargo service on passenger aircraft (Combination carriers) did provide their 2015 statistics. The cargo carried on these Combination airlines accounted for 45.1% of total cargo in 2014, but their inbound cargo volume in 2015 was down by -3.0% relative to 2014. For total aircraft movements controlled by SXM ATC, 2015 saw a +1.0% increase over 2014 but landings and take-offs at SXM were down by -0.8% while Overflights were up by +6.6%.



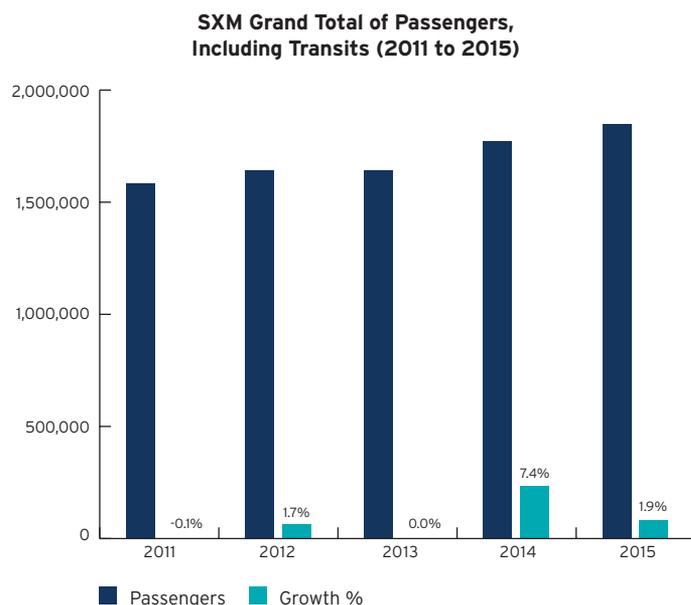


2.0 SXM PASSENGERS

2.1 TOTAL SXM PASSENGERS

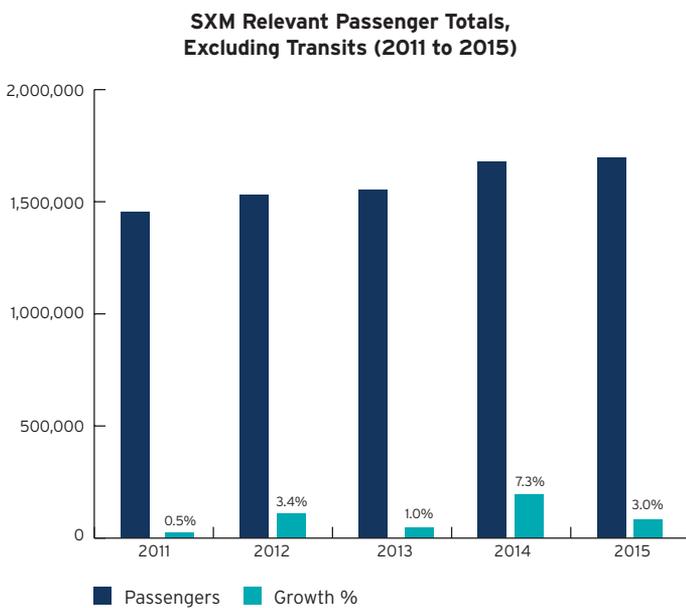
As previously described in the Executive Summary, there are two levels of passenger volume totals; (1) The overall Grand Total of every passenger that passes through the airport itself including Transit passengers who stay on the aircraft between landings & take-offs and (2) Those passengers that spend time in the airport terminal building, pay various airport fees and make purchases at SXM Retail and Food & Beverage facilities. The latter are referred to as the Relevant passengers for the purpose of measuring SXM performance, as they are reflected in SXM financial statements in terms of earned revenues. The former total includes Transit passengers who normally stay on an aircraft as it operates between two other Caribbean islands via SXM. Occasionally, these passengers offload the aircraft and temporarily stay in a holding room while the aircraft is fueled or groomed but that is the exception.

The bar chart below shows the Grand total volume of SXM passengers, including Transits, along with the change over the previous year. Such passengers in 2015 were +1.9% higher than in 2014 and +11.3% more than in 2011.



2.2 TOTAL RELEVANT PASSENGERS

The history of the Relevant passenger totals, over a five year period, is shown in the bar chart below with 2015 1,715,310 passengers or +3.0% over 2014. The cumulative increase over the six years, since 2011, was +15.5%.



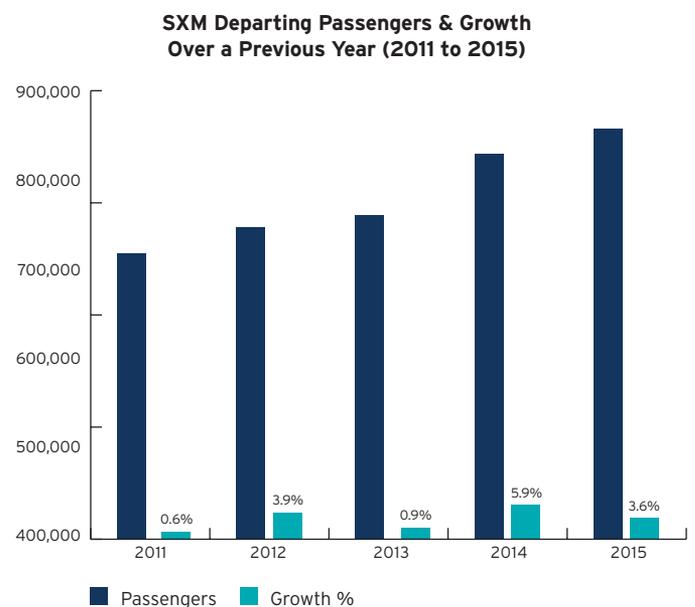
2.3 PASSENGER CATEGORIES

There are essentially three types of passengers at SXM with two sub-categories – international and domestic:

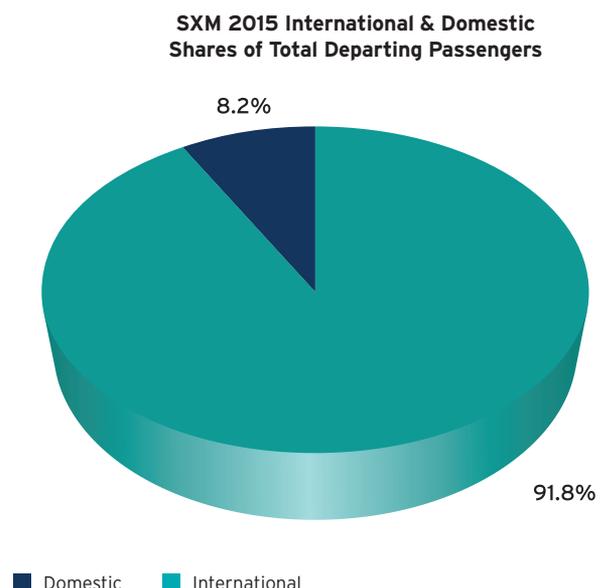
- Outbound (Enplaned) – Departing passengers traveling to international or domestic destinations that include passengers making connections (transfers) at SXM for either international or domestic travel.
- Inbound (Deplaned) – Arriving passengers traveling from international or domestic origins that also include passengers making connections (transfers) at SXM for either international or domestic travel.
- Transit – Those passengers staying onboard an aircraft as it passes through SXM and not paying fees at SXM.

2.4 ENPLANED (DEPARTING) PASSENGERS

Enplaned passengers are the most important of the three passenger categories as such departing passengers pay the various fees that contribute to approximately 63.5% of SXM total airport revenues. Enplaned passengers in 2015 were 864,917, a +3.6% increase compared to such passenger volume in 2014.

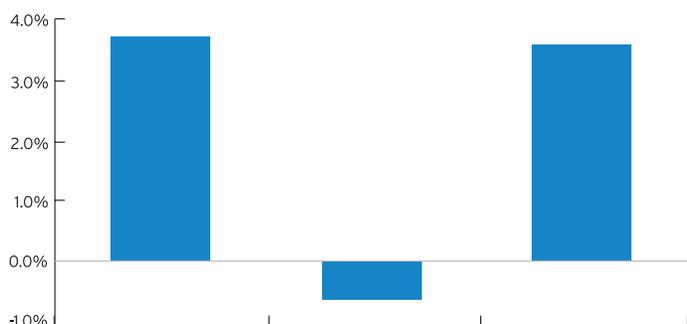


Of the two types of enplaned passengers, International and Domestic, the former is the much larger component representing 91.8% of the total.



These International enplaned passengers increased by 29,988 in 2015 compared to 2014 or an increase of +3.9%, while Domestic passengers decreased by 450 relative to 2014, or a reduction of -0.6%.

SMX 2015 Growth in International & Domestic Departing Passengers

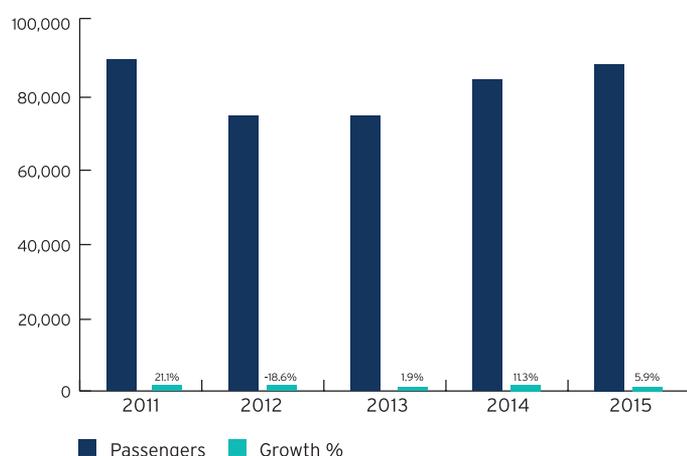


In 2015 there were approximately 11.2 times more International passengers than Domestic.

2.5 TRANSFER PASSENGERS

A Transfer passenger is a traveler that makes a same-day connection at SXM from an inbound flight to an outbound one. The 2015 Transfer passenger volume was 88,301 which was a +6.1% increase when compared to the 2014 total of 83,238.

SXM Transfer Passengers & Growth Relative to the Previous Year



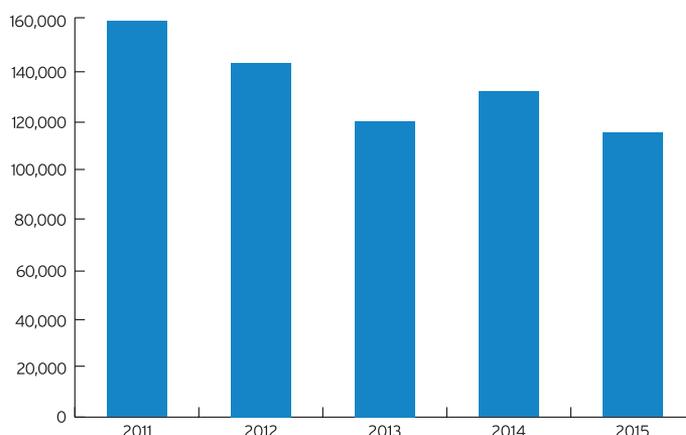
It should be noted that this 88,301 Transfer passenger volume in 2015 refers to outbound travel, but a connection involves both inbound and outbound passenger movements which means that each outbound passenger has a corresponding inbound passenger and therefore the overall 2015 total

transfer passengers, no doubt, were 176,602. As a portion of the total 1,715,310 relevant passengers, this amounted to 10.3% of all passengers.

2.6 TRANSIT PASSENGERS

Transit passengers are not really a pertinent measure of SXM performance as they do not contribute to SXM revenues nor do they utilize the airport terminal for purchase of Retail/Food & Beverage. Furthermore SXM marketing efforts are not focused on these passengers nor would they have any influence on the volume. Such passengers are a function of airline routing patterns through SXM and the total fluctuates from year-to-year depending upon airline operational considerations as seen in the bar chart below. The 2015 total number of Transit passengers was down by -12.3% compared to 2014 after increasing by +8.7% in the previous year relative to 2013.

SXM Transit Passengers (2011 to 2015)



2.7 COMMERCIAL VS PRIVATE AIRCRAFT PASSENGERS

Passengers arrive or depart SXM on five types of aircraft

Commercial

- Scheduled
- Charter

Private

- Fixed Based Operator (FBO) assisted
- General Aviation

Military

Scheduled and charter passengers use the main terminal building, whereas FBO serviced aircraft go through any one of the three FBO buildings at SXM. General Aviation aircraft utilize neither the SXM terminal nor the FBO, and are simply fueled and parked on the apron. By far the greatest number of aircraft movements in 2015 was accounted for by commercial aircraft at approximately 83.5% of the total aircraft landings and takeoffs at SXM. When overflights are included in the total, commercial flights represented 70.0% of all SXM flight movements.



2.8 REGIONAL AIRLINE PARTICIPATION

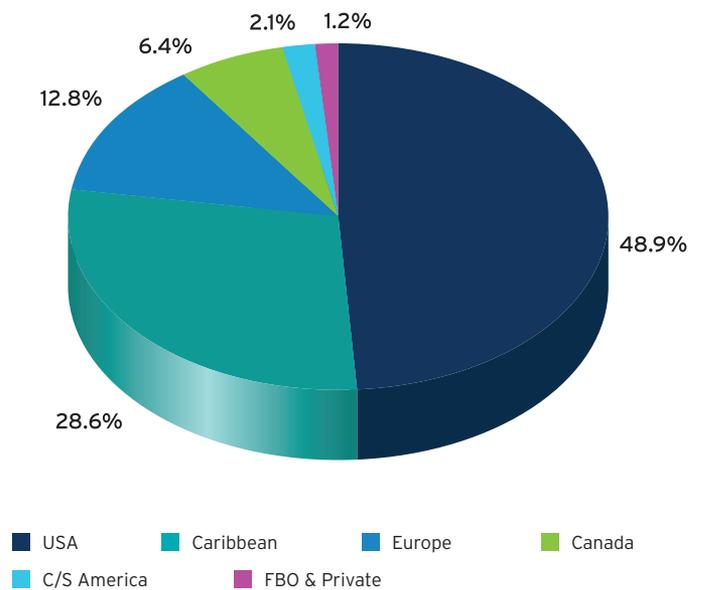
There are five market regions that contribute enplaned passenger traffic to SXM’s total commercial airline passenger volumes:

- United States
- Caribbean
- Europe
- Canada
- Central/South America

Note that Commercial airline passengers accounted for 98.7% of SXM total departing passengers in 2015 with the residual being passengers carried on Private aircraft. Flight destination information of passengers is available for commercial airline passengers but not those of Private. As a consequence, all regional market information in this section pertains to commercial airline passengers departing from SXM.

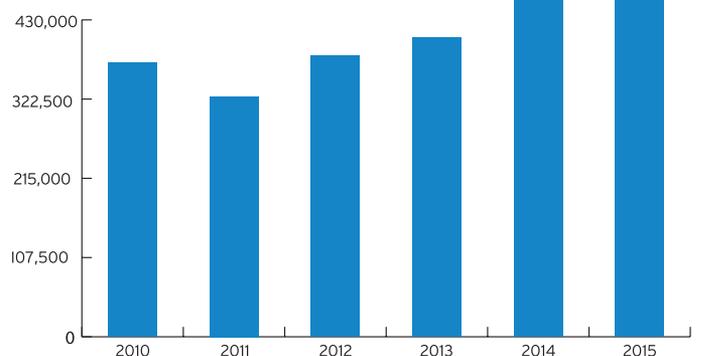
The USA continues to be the largest market for SXM in enplaned passengers, accounting, in 2015, for 49.2% of the total commercial passengers or 48.6% of all SXM departing passengers (this total includes Private) as shown in the pie chart below. In 2015 passengers on USA airlines totaled 420,449, a +1.5% increase when compared to the 2014 total of 414,170.

SXM 2015 Regional Shares of All Departing Passengers



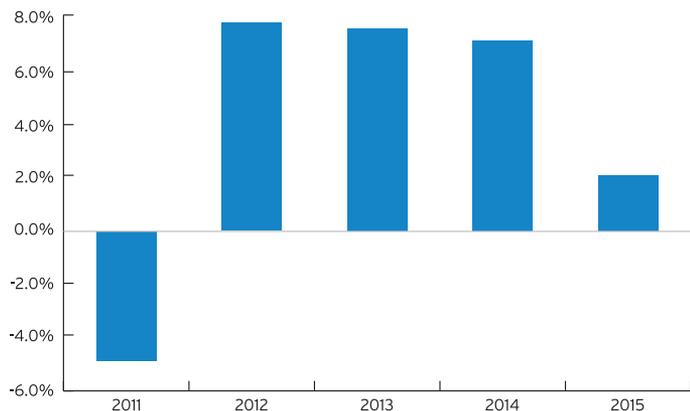
Departing passengers on USA airlines increased by +19.5% since 2010 as shown in the bar chart below with the annual growth shown in the following chart.

SXM Departing Passengers Carried on USA Airlines



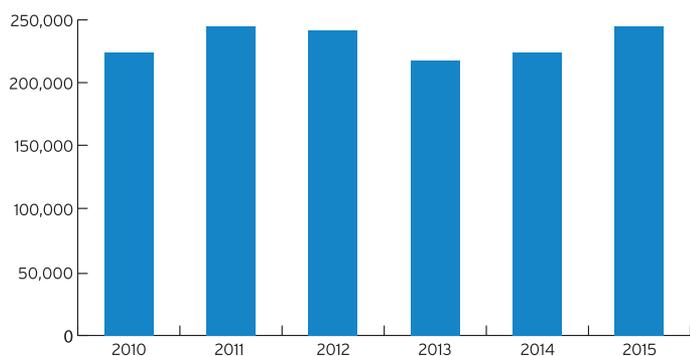
USA airline passenger volumes have shown good growth after a -4.9% reduction in 2011 relative to 2010.

Annual Growth in SXM Departing Passengers Carried on USA Airlines



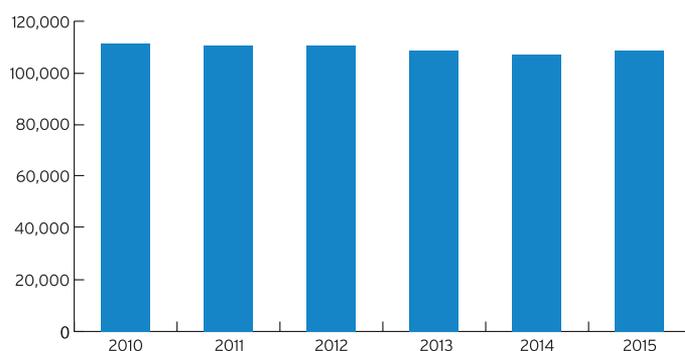
Caribbean airlines in 2015 contributed the second highest number of commercial passengers for SXM (247,036) at 28.6% of the all-departing-passenger total, a +4.8% increase in such enplaned passengers compared to 2014. Caribbean airline passenger volumes over the six year period are shown in the bar chart below with only a +5.4% increase over this time frame with 2013 actually -4.9% lower than 2011.

SXM Departing Passengers Carried on Airlines of the Caribbean



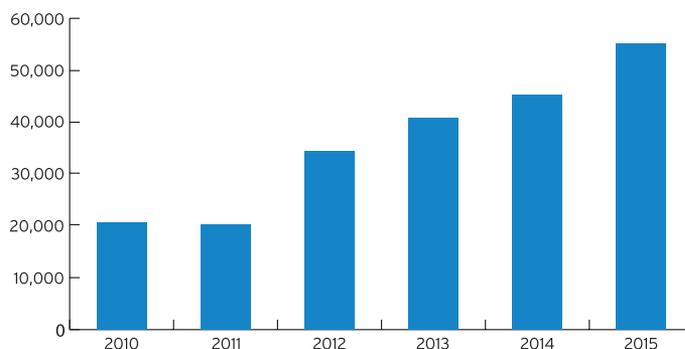
European airline passengers accounted for 13.0% of the SXM commercial total in 2015 (12.8% of all-departing-passengers) which was no change in the share of the total compared to the previous year. The passenger volume total in 2015 was 110,903 which was an increase of +3.4% in comparison to the 2014 total of 107,247. However, the 2015 volume was -1.9% lower than the level in 2010 as shown in the bar chart below. European airline passenger volumes have remained rather static over the six year time frame.

SXM Departing Passengers Carried on European Airlines



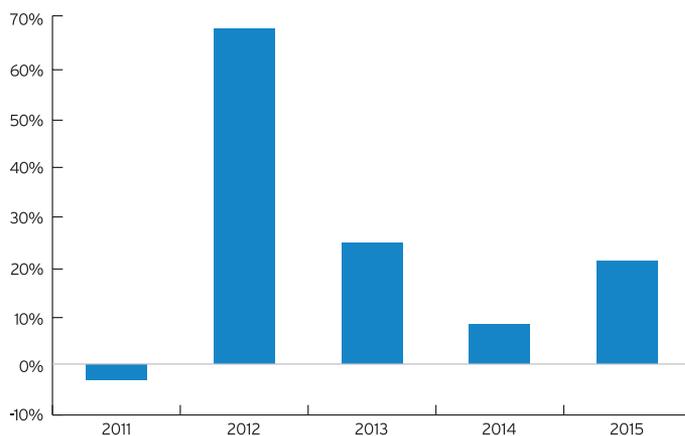
SXM departing passenger volume on Canadian carriers was 57,184 in 2015 which was +24.9% higher than the previous year. This followed a 2014 increase of +9.7% over 2013. The passenger volume is shown in the bar chart below with annual growth shown in the succeeding chart.

SXM Departing Passengers Carried on Canadian Airlines



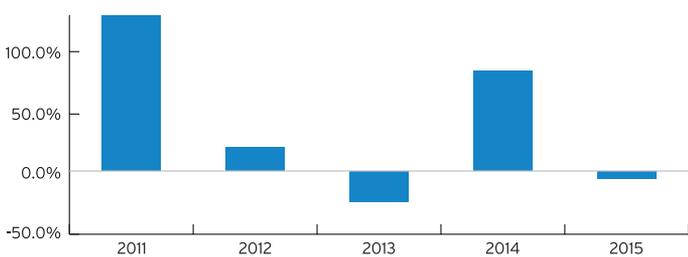
Other than the slight drop in Canadian airline passengers in 2011, these airlines have seen very good growth in the last five years.

Annual Growth in Departing Psgrs Carried on Canadian Airlines





Passengers on scheduled or charter airlines of Central/South American in the year 2015 had a -3.7% reduction relative to 2014 at 18,418 versus 19,125 respectively. However, the five year growth by these airlines has been rather dramatic as shown in the bar chart below, although their share of the total departing passengers in 2015 was only 2.1%. The reduction in 2013 was as a result of reduced flight frequency.



The 2015 growth in passenger volumes, by the airlines of Canada and the Caribbean, was responsible for the USA airline share falling below 50% in that year.

Regional Airline Shares SXM Departing Passengers		
Region	2014	2015
USA	50.3%	49.5%
Caribbean	28.8%	28.9%
Europe	13.0%	13.0%
Canada	5.6%	6.5%
C/S America	2.3%	2.2%

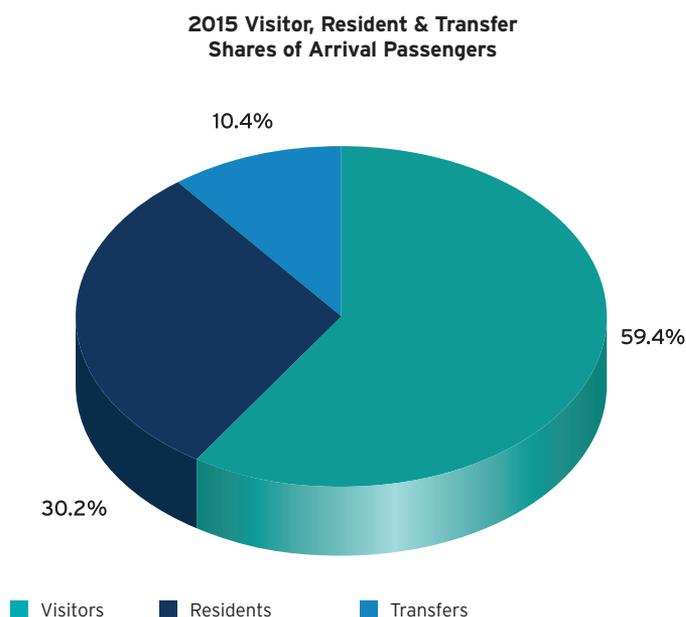
2.9 LOCAL ST. MAARTEN RESIDENT TRAVEL

SXM passenger statistics do not distinguish between foreign travellers and local resident travel while Customs & Immigration landing cards and published Tourism statistics only record

Visitors, excluding St. Maarten resident travel. However, through analysis of both sets of statistics the foreign and resident traveller volumes can be determined. The methodology to do this is as follows:

- SXM arrival passengers include inbound foreigners (Visitors), passengers making a same-day connection at SXM and local resident travel.
- By deducting the Transfer passengers from the SXM total arrivals the result is the total of only Visitors & Residents.
- Subtracting the Tourism Visitor total from the SXM Visitor plus Resident statistic total then provides the number of residents travelling on SXM inbound flights.

St. Maarten Resident travel in 2015 increased to 257,021 passengers, a 4.5% increase over 2014 while Visitors increased by only 1.1%. The pie chart below shows that Residents in 2015 accounted for 30.2% of SXM arrival passengers with Visitors contributing 59.4% and Transfers (Connections) 10.4%.





3.0 CARIBBEAN VISITOR ARRIVALS COMPARISONS

3.1 SOURCES, ISLAND SELECTION CRITERIA AND GROUPINGS

3.1.1 Sources

The Caribbean Tourism Organization (CTO) collects statistics for 28 different Caribbean destinations and consequently is a good source for comparison of St. Maarten growth experience in Tourist Arrivals relative to other islands in the region. The information itself is provided by the various Tourism Authorities, of the respective islands, to the CTO. As these statistics are gathered by many different organizations with alternative methods of doing so, the consistency of the information and validity of the statistics cannot be determined. However, the CTO, and in some cases Government Statistical Departments, are the only sources of such information and results should be viewed in this context. Also, year-end statistics have been known to have changed during the course of the year succeeding the statistical year covered as governments refine their data. For instance, the final version of 2012 statistics was published in June 2013.

3.1.2 Island Selection Criteria

The review of how St. Maarten has developed, relative to other Caribbean islands, has included, as selection criteria:

- Only those islands that have submitted a full year of statistics to the CTO
- Not those islands of less relevance, such as the Bahamas, Guyana etc.
- Only those Caribbean islands of under one million annual visitors in 2015

The large visitor volume islands not included are:

Caribbean Island	2015 Visitors
Aruba	1,224,935
Cuba	3,524,779
Dominican Republic	5,599,859
Jamaica	2,123,042
Puerto Rico	1,786,563

The Caribbean islands that St. Maarten has been compared to include:

Anguilla	Antigua	Barbados
BVI	Cayman Islands	Curacao
Dominica	Grenada	Martinique
St. Lucia	St. Vincent	Trinidad/Tobago

These Caribbean islands have different attractions, transportation limitations, market origin participation and other Caribbean island proximity. For instance, BVI's predominant attraction is boating throughout the 66 surrounding islands, Anguilla with a runway of only 5,400 feet and Martinique with a higher proportion of European visitors than those from the USA is unlike most other Caribbean islands. Nevertheless, the broad range of comparison shows how St. Maarten relates to Caribbean tourism as a whole.

3.1.3 Groupings

The Caribbean island visitor comparison has been segmented into two groups based on volume of visitors. The first Group (A) are those islands of comparable size of visitor volume to St. Maarten, from 250,000 to 600,000 visitors in 2015 with a further segmentation into three categories while the second Group (B) involves those islands with less than 150,000 visitors in 2015.



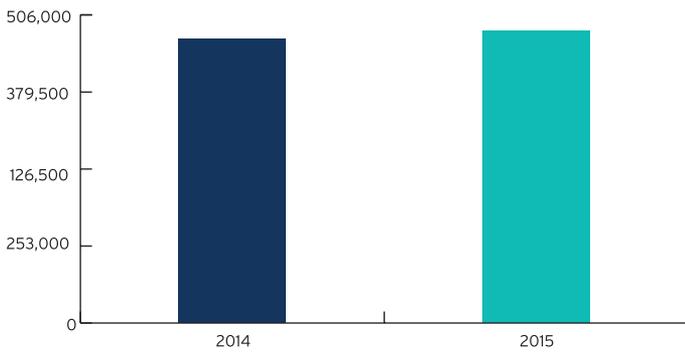
Group A		2015
Segment One		Visitors
Martinique		487,364
Barbados		591,872
St. Maarten		505,251
Segment Two		
BVI		393,018
Cayman Islands		385,379
Trinidad & Tobago (T&T)		439,749
Curacao		468,442
St. Maarten		505,251
Segment Three		
Antigua		250,450
St. Lucia		344,908
St. Maarten		505,251
Group B		
Segment One		
St. Vincent		75,382
Anguilla		73,232
Dominica		74,474
Grenada		140,735
St. Maarten		505,251

3.2 SHORT AND LONG TERM DEVELOPMENTS

This report shows how St. Maarten visitor arrivals have changed since 2014. As single year comparisons may not give the full picture on how St. Maarten visitor arrivals have evolved and how sustained growth at St. Maarten compares to that of other islands, a broader time horizon for comparison has been included going back as far as 2009.

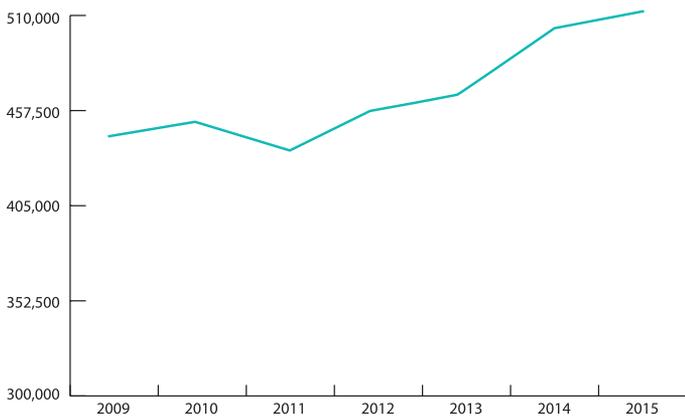
In 2015, St. Maarten visitor arrivals increased by +1.1% over those in 2014.

St. Maarten Visitor Arrivals (2014 & 2015)



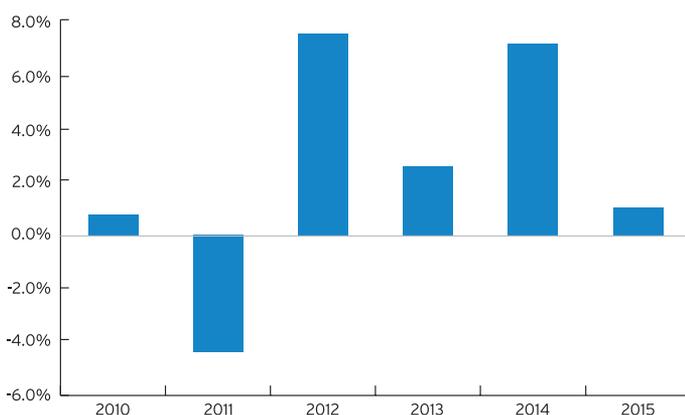
Visitor arrivals at St. Maarten in the longer term (2009 to 2015) are shown in the graph below with an overall +14.8% increase over the seven year time frame.

St. Maarten Visitor Arrivals (2009 - 2015)



However, if a shorter time frame were considered, such as 2011 to 2015, the five year growth would have been +19.1%. Essentially, after a -4.1% change in 2011 from 2010, St. Maarten visitor arrivals have seen sustained growth since 2011 as shown in the bar chart below.

St. Maarten Visitor Arrivals Growth (2010 - 2015)



3.3 ST. MAARTEN VISITOR ARRIVALS VS OTHER ISLANDS

The overall average growth in Visitor Arrivals of the 13 islands in 2015 over 2014 was +3.5% while St. Maarten increased by only +1.1%.

Jamaica had the highest growth in 2015 at +13.9% but this came after negative growth of -8.5% from 2011 to 2014. In other words, Jamaica in 2015 was making up for lost ground. Other islands with good 2015 growth were Trinidad/Tobago and St. Vincent that both grew by +6.6% but they too had a reduction from 2011 to 2014.

Over a five year time frame, from 2011 to 2015, the average 13 island increase was 10.0% which St. Maarten exceeded at +19.1%.



Caribbean	2011	2014	Growth	2015	Growth	Growth
Island			2011-2014		2011-2015	2014-2015
Group A - Segment 1						
Martinique	496,538	489,561	-1.4%	487,364	-1.8%	-0.4%
Barbados	567,724	519,598	-8.5%	591,872	4.3%	13.9%
St. Maarten	424,340	499,920	17.8%	505,251	19.1%	1.1%
Group A - Segment 2						
BVI	337,773	386,049	14.3%	393,018	16.4%	1.8%
Cayman Islands	309,091	382,816	23.9%	385,379	24.7%	0.7%
Trinidad & Tobago (T&T)	430,922	412,537	-4.3%	439,749	2.0%	6.6%
Curacao	390,297	450,953	15.5%	468,442	20.0%	3.9%
St. Maarten	424,340	499,920	17.8%	505,251	19.1%	1.1%
Group A - Segment 3						
Antigua	241,331	249,316	3.3%	250,450	3.8%	0.5%
St. Lucia	312,404	338,158	8.2%	344,908	10.4%	2.0%
St. Maarten	424,340	499,920	17.8%	505,251	19.1%	1.1%
Group B						
St. Vincent	73,866	70,713	-4.3%	75,381	2.1%	6.6%
Anguilla	65,783	70,927	7.8%	73,232	11.3%	3.2%
Dominica	75,546	81,472	7.8%	74,474	-1.4%	-8.6%
Grenada	118,295	133,521	12.9%	140,735	19.0%	5.4%
St. Maarten	424,340	499,920	17.8%	505,251	19.1%	1.1%
Total	3,843,910	4,085,541	6.3%	4,230,255	10.1%	3.5%

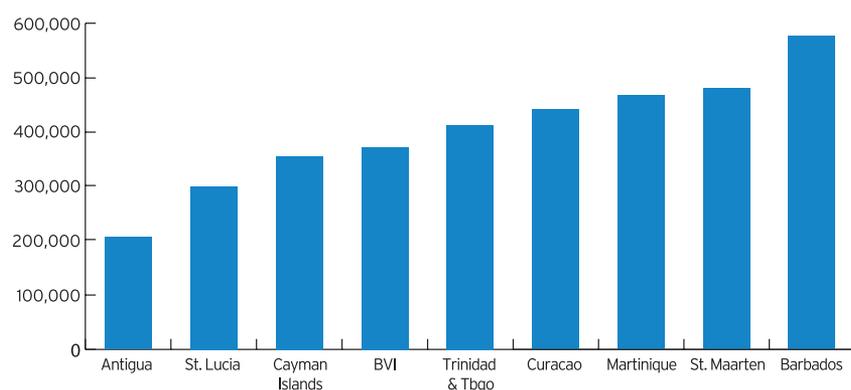
3.4 GROUP COMPARISONS

3.4.1 Group A - Visitor Volumes

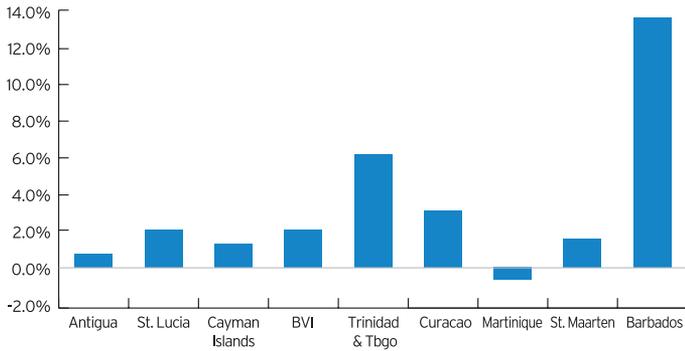
Barbados had the largest volume of visitor arrivals of the nine Group A islands, including St. Maarten, at 591,872 visitors with Antigua the lowest and St. Maarten the second highest.

Of the islands in this grouping, St. Maarten had the third highest five year growth of +19.1% after Cayman Islands at +24.7% and

2015 Visitors to Group A Islands
Compared to St. Maarten



2015 Visitors Growth Over 2014 of Group A Caribbean Islands



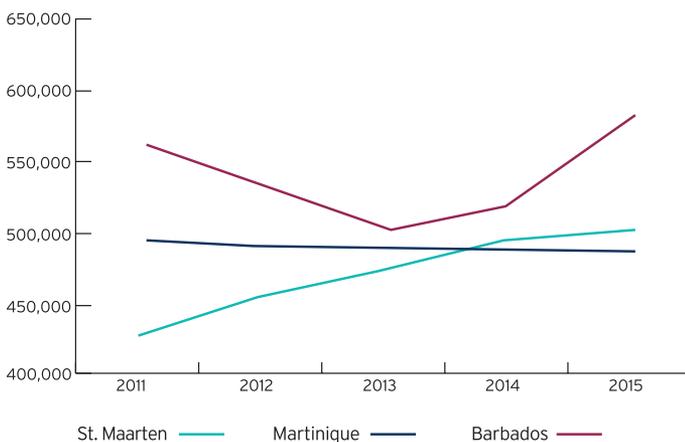
Curacao at +20.0%. Lowest growth in this category over the five years was Martinique at -1.8%.

In terms of year-over-year change, 2014 to 2015, St. Maarten had the third lowest increase at +1.1%, ahead of Cayman Islands at +0.7%, Antigua at +0.5% and Martinique at -0.4%

3.4.2 Group A - Segment 1

For Group A – Segment 1 (those islands with closest volume of Visitors to St. Maarten) St. Maarten visitor volume was less than that of Martinique and Barbados in 2011 but five years later in 2015 it exceeded Martinique by +3.7% but still below Barbados by -14.6%. This compares to St. Maarten being -14.5% less than Martinique in 2011 and -25.2% less than Barbados in that year.

Visitor Volumes of Caribbean Islands Most Comparable to St. Maarten

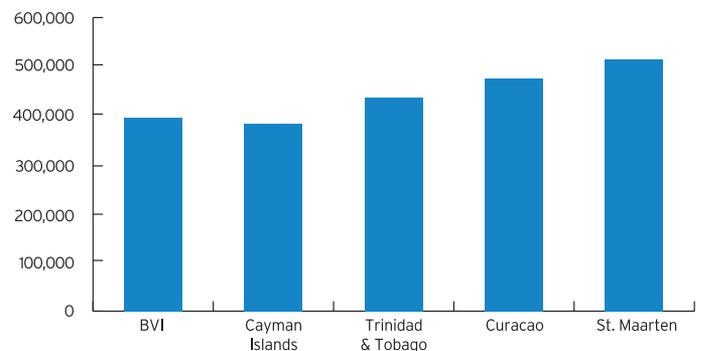


3.4.3 Group A - Segment 2

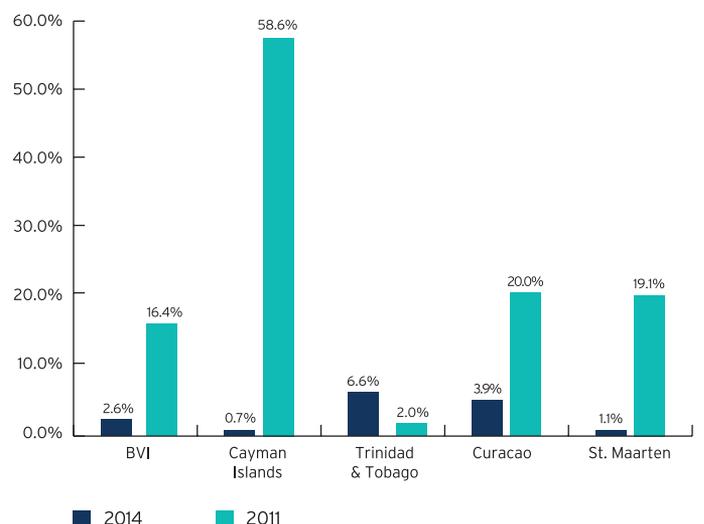
Of the secondary markets, Group A – Segment 2, St. Maarten visitor arrivals were +28.6% higher than those of BVI and +7.9% higher than Curacao 2015 visitors. However, both islands are closing the gap with St. Maarten as their 2015 growth over 2014 exceeded that of St. Maarten at +2.6% for BVI and +3.9% for Curacao versus St. Maarten at +1.1%. In the longer term, since 2011, BVI growth at +16.4% was somewhat lower than St. Maarten at +19.1% with Curacao slightly higher at +20.0%.

Trinidad & Tobago had virtually the same number of visitors as St. Maarten in 2011 (or 101.6%) but because of only a +2.0% increase of their visitors since 2011 and St. Maarten’s +19.1% growth over this time frame, Trinidad & Tobago had only 87.0% of the visitors that St. Maarten had in 2015.

2015 Visitor Volume Comparison of Group A - Segment 2, Islands



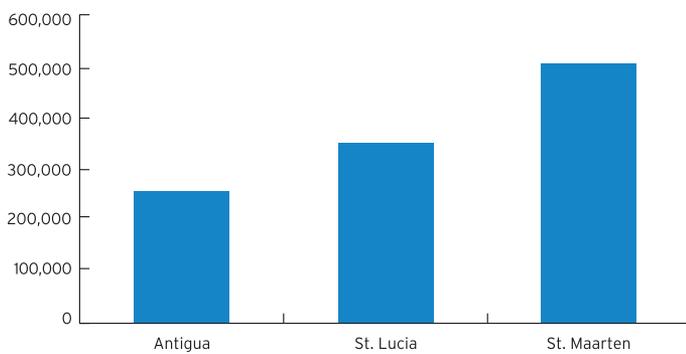
2015 Visitors Growth Over 2014 & 2011 of Group A - Segment 2 Islands



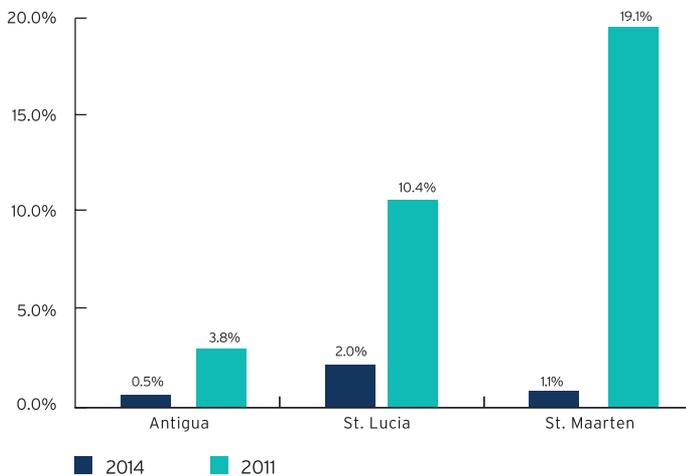
3.4.4 Group A - Segment 3

At 241,331 visitors in 2011, Antigua had 56.9% of what St. Maarten had in that year. But with only a +3.8% growth in visitors since then, and St. Maarten's +19.1% growth, Antigua has slipped to less than half (49.6%) of what St. Maarten had in 2015.

2015 Visitor Volume Comparison of Group A - Segment 3, Islands

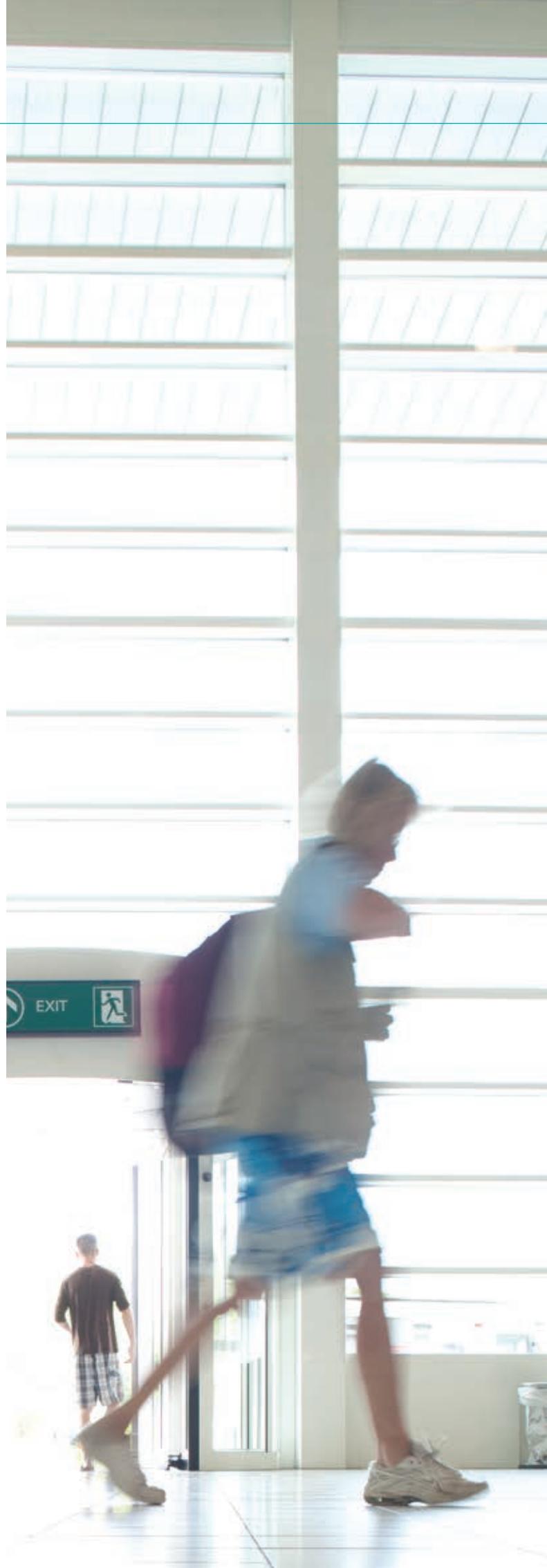


2015 Visitors Growth Over 2014 & 2011 of Group A - Segment 3, Islands



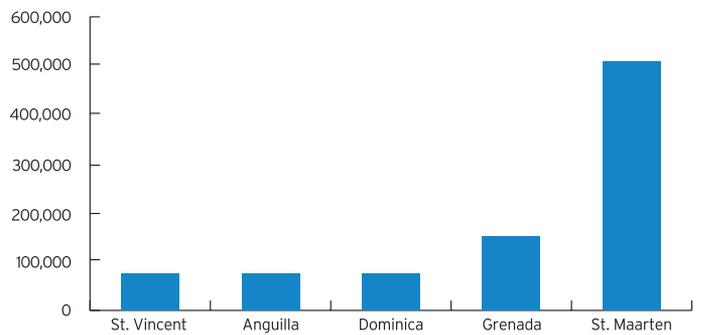
3.4.5 Group B

St. Maarten ranged from 3.6 to 6.5 times larger, in terms of 2015 visitors, than the islands of less than 150,000 annual visitors. However, in 2015 St. Maarten had the lowest growth over 2014 at +1.1% of these smaller visitor volume islands with the exception of Dominica at -8.4%. However, in the longer five term St. Maarten growth outpaced all Group B islands at +19.1%, although Grenada was close at +18.9%

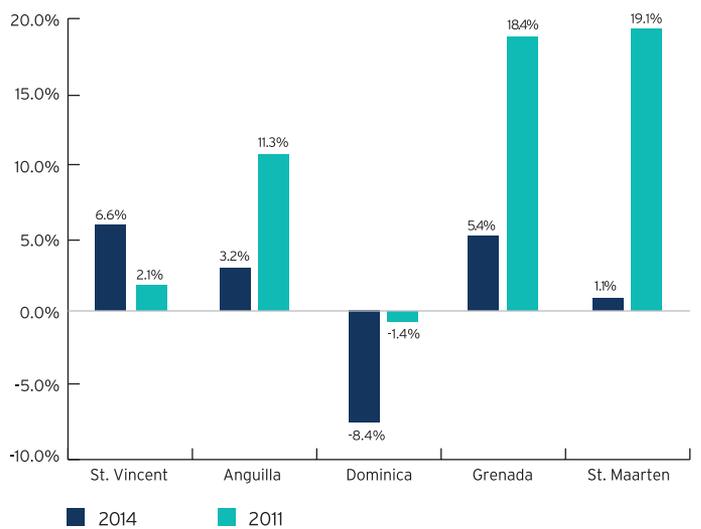


In 2011 Anguilla visitors were 15.5% of those at St. Maarten. But by 2015 it had fallen to 14.5%.

2015 Visitor Volume of Segment B Islands Compared to St. Maarten



2015 Visitor Growth Over 2014 & 2011 of Group B Islands Compared to St. Maarten



3.5 MARKET ORIGINS OF CARIBBEAN TRAVEL

The USA, Canada and Europe are the main market origins for travel to the Caribbean. The comparison of St. Maarten visitor volumes to the other Caribbean islands on a Regional origin market basis has focused on six of the Group A islands as BVI and Martinique have not provided details of their USA, Canada and Europe origin visitors. Also, Trinidad & Tobago has been treated separately from the other five islands as they do not have such market origin statistics for 2011.

Note that St. Maarten showed only one number for 2015 North America travellers so that in order to determine how many might be USA and how many might be Canada, the ratio of

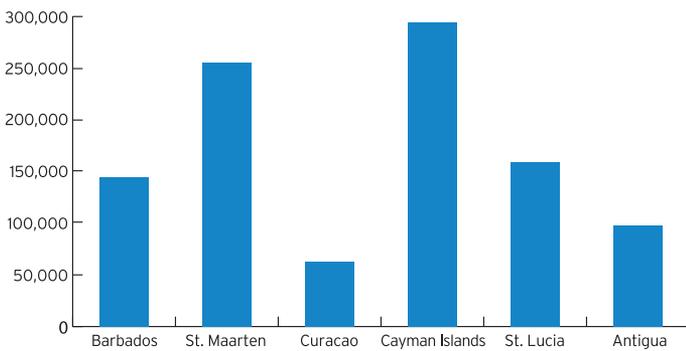


these two markets experienced at SXM airport has been used as a proxy for visitor arrivals for the two countries.

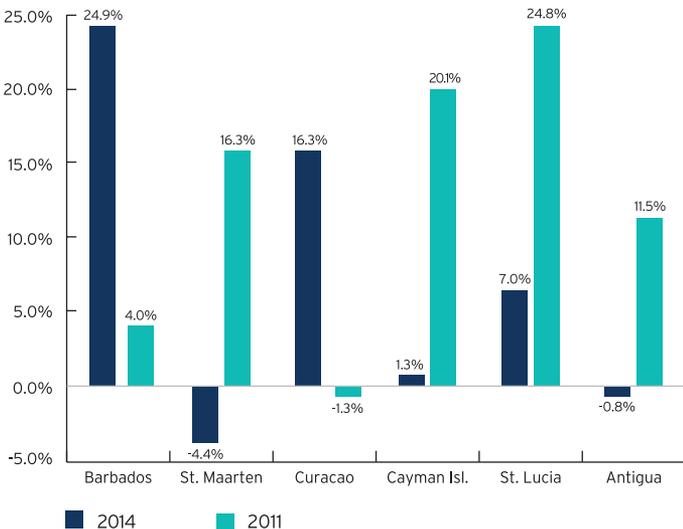
3.5.1 USA

Of the six Caribbean islands, including St. Maarten, the Cayman Islands had the highest volume of USA visitors in 2015 while St. Maarten was second and St. Lucia third. However, in terms of 2015 growth over 2014, Barbados had the highest increase at +24.9% followed by Curacao at +16.3% and St. Maarten at negative growth of -4.4%. In terms of five year growth, the highest increases were experienced by St. Lucia at +24.8% followed by Cayman Islands at +20.1% and St. then Maarten at +16.3%. The 2015 highest growth country over 2014 was Barbados at +24.9% which allowed this destination to make up some ground from previous negative growth years as the increase from 2011 to 2015 was only +4.0%.

USA 2015 Market Origin Visitors



USA Origin 2015 Visitors Growth Over 2014 & 2011



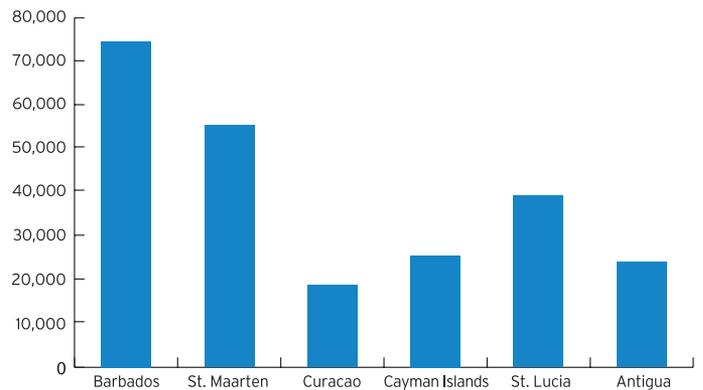
3.5.2 Canada

Canada is really where St. Maarten visitor arrivals have shown the best results in terms of market presence despite its 2015 growth of +7.6% being less than two other islands, Curacao at +46.9% and Barbados at +13.2%.

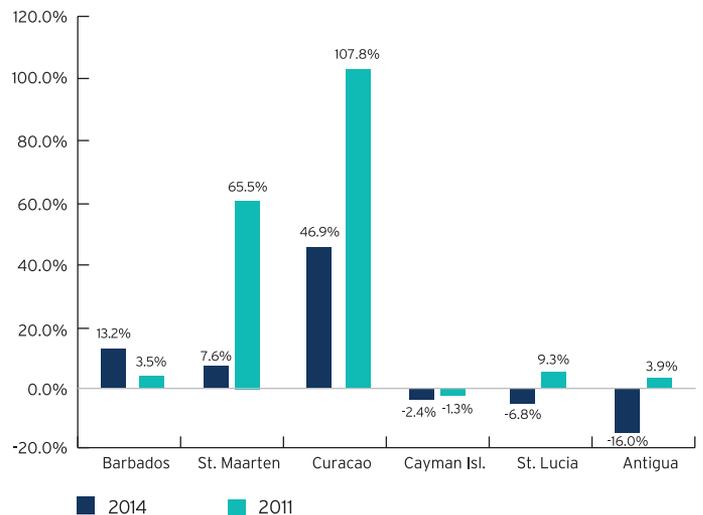
Barbados had the highest number of Canadian visitors in 2015 with St. Maarten second. But, since 2011 St. Maarten has seen a +65.5% increase whereas Barbados only increased by +3.5%. In 2011 St. Maarten visitors were 46.2% of those of Barbados, but in 2015 it was 73.9%.

Curacao had the highest growth of the seven islands either on a one or five year time frame but it started from a very low base in 2011 and even with great growth, it had the lowest volume of Canadians in 2015.

Canada 2015 Market Origin Visitors



Canada Origin 2015 Visitors Growth Over 2014 & 2011

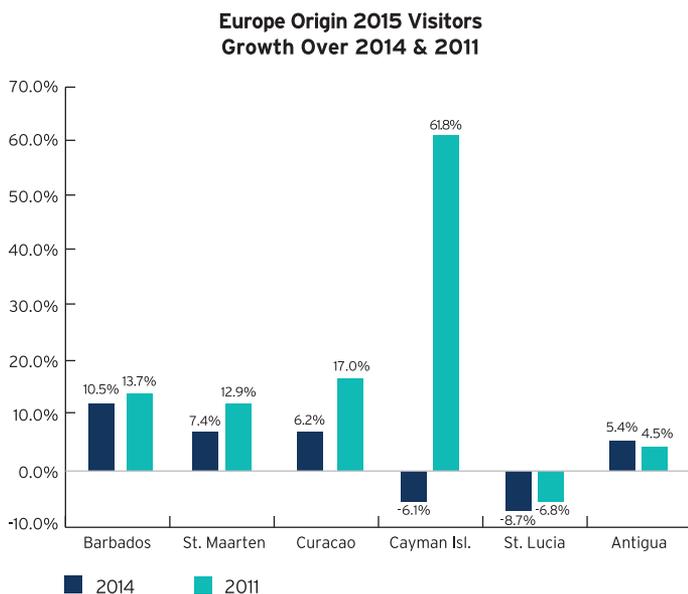
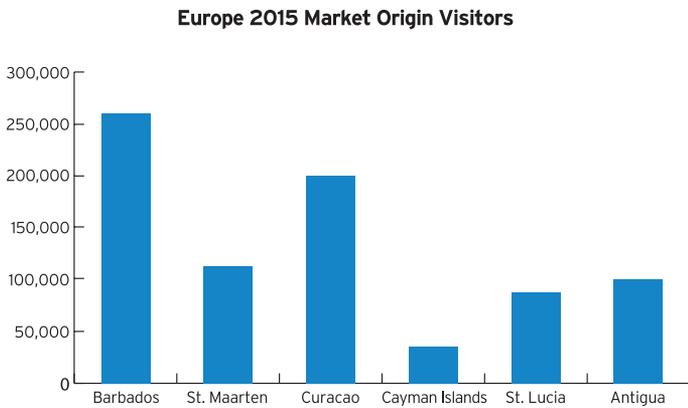


3.5.3 Europe

Barbados had the highest number of visitors from Europe in 2015 of the six Caribbean islands followed by Curacao, with St. Maarten in third place. In terms of growth, Barbados saw the highest increase in 2015 over 2014 at +10.5% followed by St. Maarten at +7.4%.

Over the five year time frame the highest growth was the Cayman Islands but they were starting from a very low base and even with this growth, they had the lowest number of European tourists of the six islands. The next highest five year growth was Curacao at +17.0% followed by Barbados at +13.7%.

Antigua with its UK non-stop service has fallen from 90.5% of the number of visitors of St. Maarten in 2011 to 83.8% in 2015.

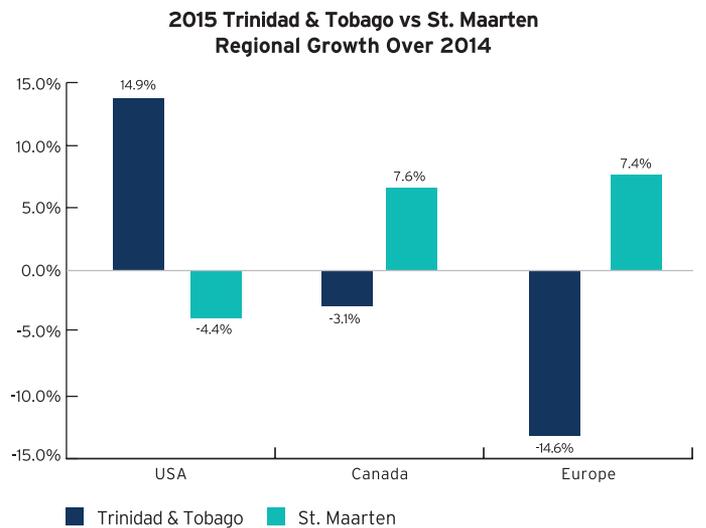
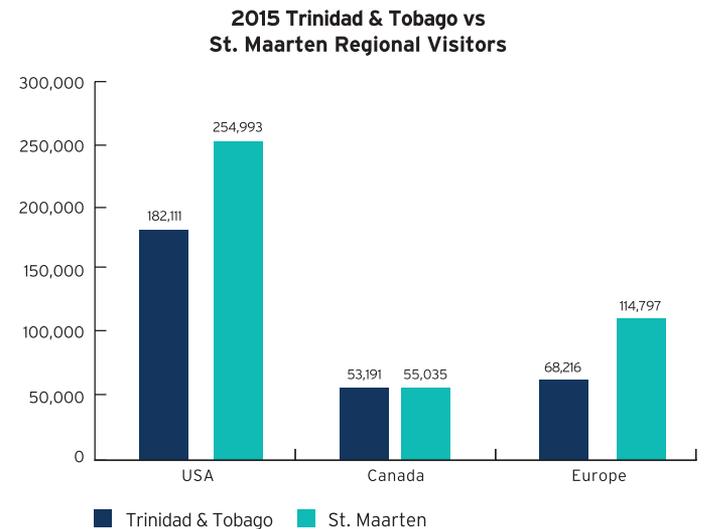


3.5.4 Trinidad

As there were no Trinidad & Tobago Regional market statistics for 2011, this Caribbean destination has been treated separately from the other Caribbean islands.

St. Maarten had more USA, Canada and Europe visitors than Trinidad & Tobago in 2015. Despite St. Maarten negative USA growth of -4.4% in 2015 and Trinidad & Tobago positive growth of +14.9%, St. Maarten still had 40.0% more USA travellers than Trinidad & Tobago.

With regard to Canadian visitors, St. Maarten finally surpassed Trinidad & Tobago in 2015 in terms of these travellers as a result of a 2015 increase of +7.6% while Trinidad & Tobago fell by -3.1%.

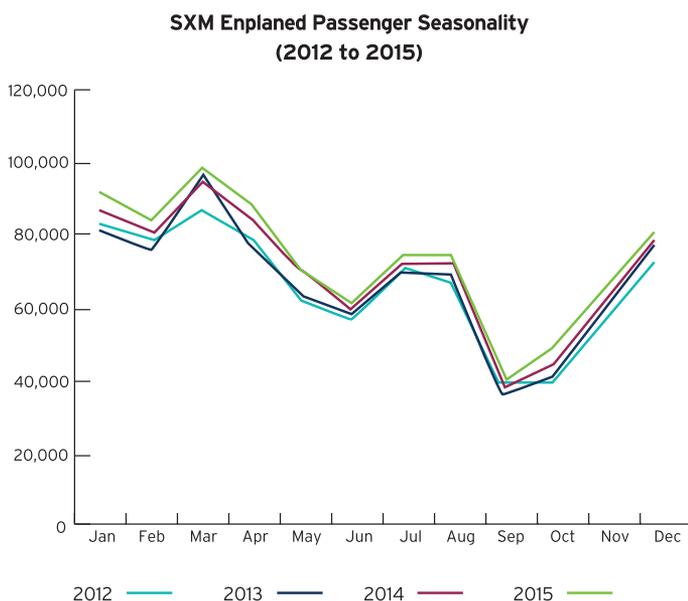




4.0 SEASONALITY (BASED ON SXM STATISTICS)

4.1 OVERALL CONSISTENT SEASONALITY

Passenger seasonality has remained quite consistent over the last four years although in 2014 and 2015 there was considerable growth in the shoulder months of April/May and October/November which marginally evened out SXM seasonality. The line diagram below shows the monthly percentage share of



annual departing passengers with March being the peak month in all years. Easter Sunday took place on March 31 in 2013, April 20 in 2014 and April 05 in 2015 but despite Easter in April in the latter two years, March has remained as the peak month.



4.2 LONG-HAUL VS CARIBBEAN PASSENGER SEASONALITY

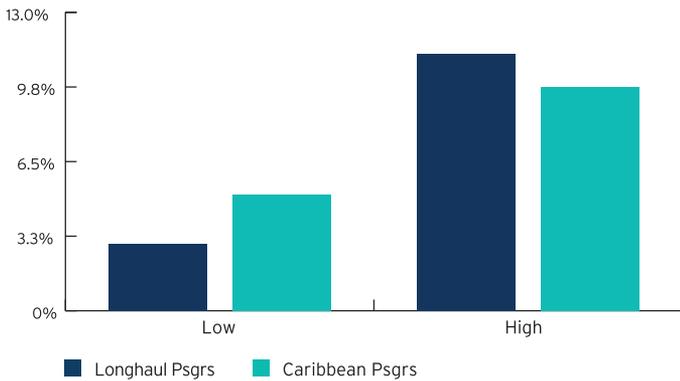
Long-haul passengers from USA, Europe and Canada have a much more pronounced seasonal peak and valley than do Caribbean travellers as seen in the line chart below. The chart shows the monthly percentage share of total annual departing passengers for the two types of markets.

SXM 2015 Departing Passenger Seasonality, by Region



The range in Long-haul passengers goes from a low of some 3.9% in September to a high of 12.2% in March. Caribbean passengers on the other hand ranged from some 5.9% in September to 10.2% in December

SXM 2015 Range in Monthly Shares of Longhaul Psgrs vs Caribbean Psgrs



4.3 TOTAL PASSENGERS VS FBO/PRIVATE TRAVELLER SEASONALITY

There is more monthly variation seen in SXM FBO/Private aviation travellers than there is of total passengers in 2015 as can be seen in the line chart below. Part of this is as a result of FBO/Private passengers in December 2015 being inordinately high at 24.2% of the annual total. The FBO/Private travel low season runs from May until October with September accounting for 1.0%. This low season was also the off-season for SXM total passengers but not nearly to the same extent as FBO/Private travel with September registering 4.5% versus FBO/Private at 1.0%.

SXM 2015 Total Departing Passenger Seasonality vs FBO & Private



4.4 CARGO SEASONALITY

As complete cargo volume information is not available for 2015, a comparison of All-Cargo flight movements to total flights, excluding cargo flights, has been used to compare seasonality. As can be seen in the line graph below the All-Cargo aircraft monthly share of flights ranges from 6.9% of the total in May to 10.0% in December, a 3.1 percentage point difference. Total flight movements on the other hand were lowest in September at 4.7% of the annual total and highest in March at 11.5%, a 6.8 percentage point difference.

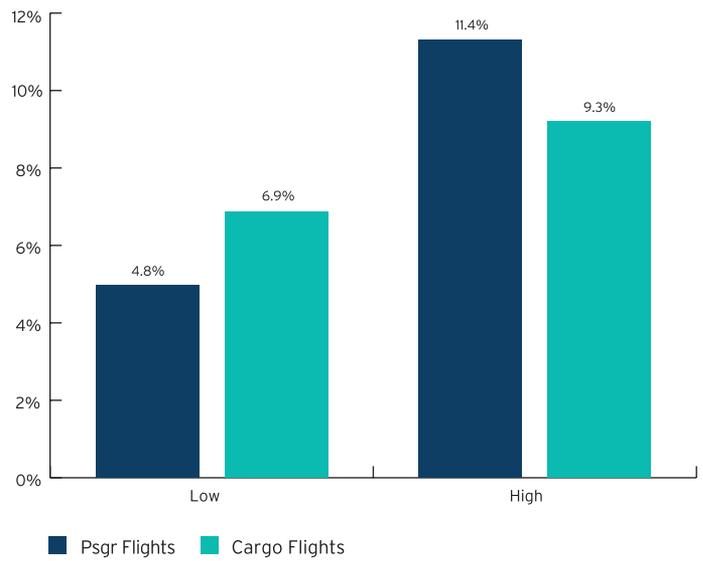


The range difference is shown visually in the bar chart below.

SXM 2015 Total Flights vs Cargo Flights Seasonality



SXM 2015 Range in Monthly Shares of Total Flights vs Cargo Flights



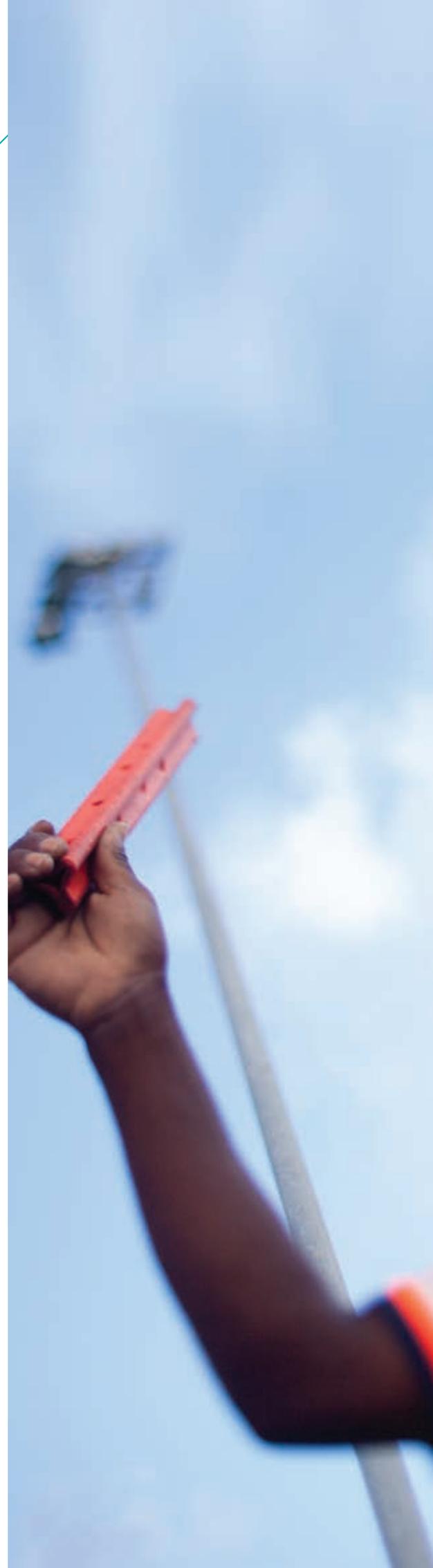
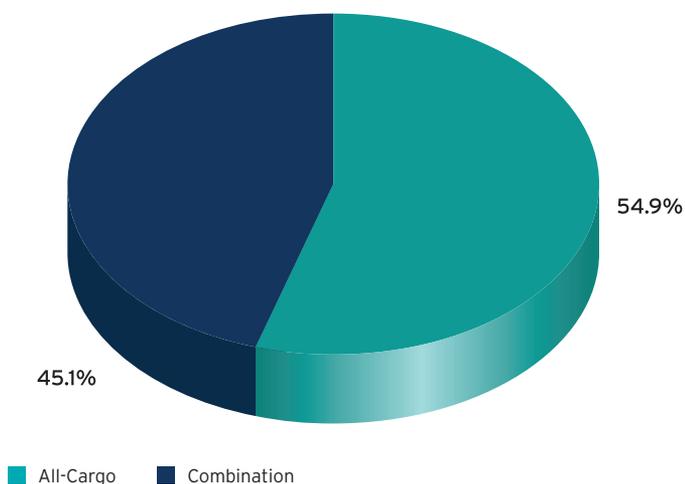
5.0 CARGO AND MAIL

5.1 CARGO

Cargo at SXM is carried by two different types of airlines (& aircraft). All-cargo airlines carry only cargo whereas scheduled Combination airlines combine passengers with cargo, the latter of which is in the belly of the aircraft on the same flight.

Unfortunately, the SXM All-cargo airlines have not submitted cargo volume information for 2015. As a consequence, it is not possible to determine SXM total air-cargo volume for this year. Based on 2014 information, these All-cargo airlines accounted for 54.9% of SXM total cargo volume, as depicted in the pie chart below.

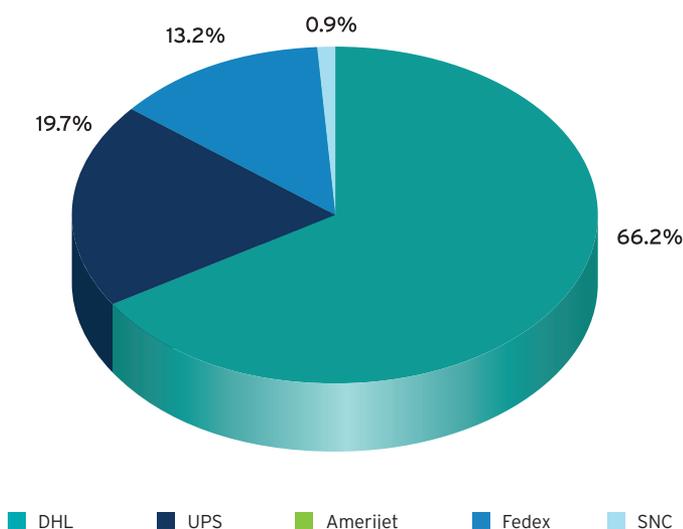
SXM 2014 Cargo Volume Shares, by Type of Airline





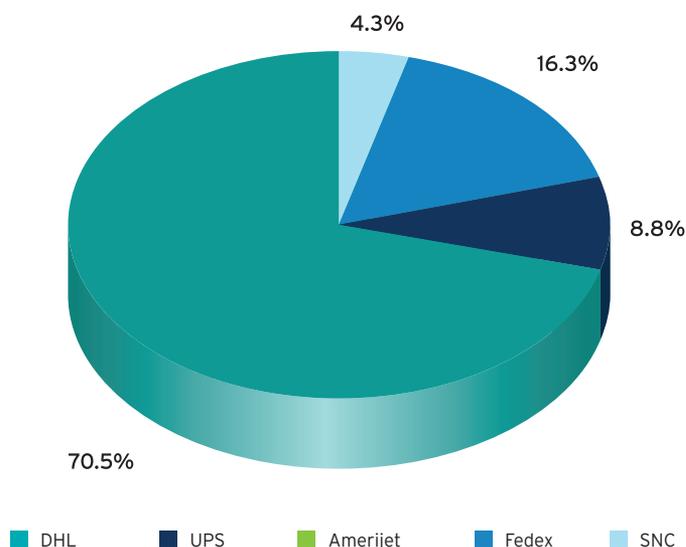
In terms of All-cargo aircraft flight movements in 2015, DHL had 51.7% of the total flights followed by UPS with 15.4% as depicted in the pie chart below.

SXM All-Cargo Airline Shares of 2015 Cargo Airline Flight Movements



As shown in the pie chart DHL's weight carrying capacity share of 8.5% of the total is far less than their flight movement share of 51.7%. On the other hand, Amerijet weight carrying capacity share of 37.0% is far greater than their flight movement share of 10.3%.

SXM 2015 All-Cargo Airline Shares of Weight Carrying Capacity at SXM

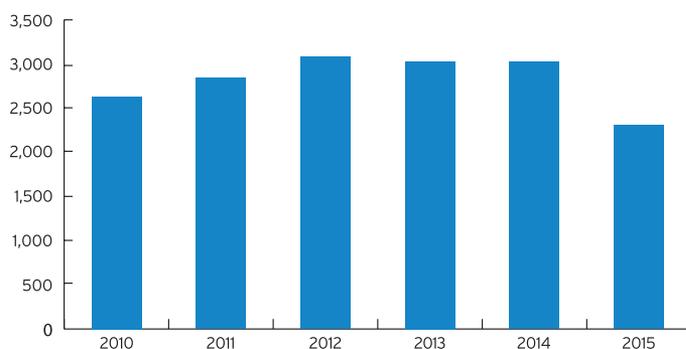


However, the weight carrying capacity of DHL aircraft are considerably below that of the other All-cargo airlines as shown in the table below.

All-Cargo Airline's Aircraft and Weight Carrying Capacity			
Airline	Aircraft	Weight Capacity*	Average Cargo kgs Capacity
UPS	Fairchild SA227-AT	2,614 kgs	
UPS	or Short 360	4,422 kgs	
UPS			3,518 kgs
Amerijet	B727-200	386,049	
Amerijet	or B767-232	382,816	
Amerijet**			41,960 kgs
DHL	Cessna 208 B	1,928 kgs	1,928 kgs
Fedex	B727-200	39,200 kgs	39,200 kgs
*Note: Weight Capacity includes requirements for fuel.			
**Note: Amerijet average based on 12% of flights with the B767-232.			

Another significant development in SXM 2015 cargo is that the number of All-Cargo flight movements were down slightly by -1.7 from those in 2014, but +12.0% higher than in 2010.

SXM All-cargo Carrier Flight Movements (2010 to 2015)

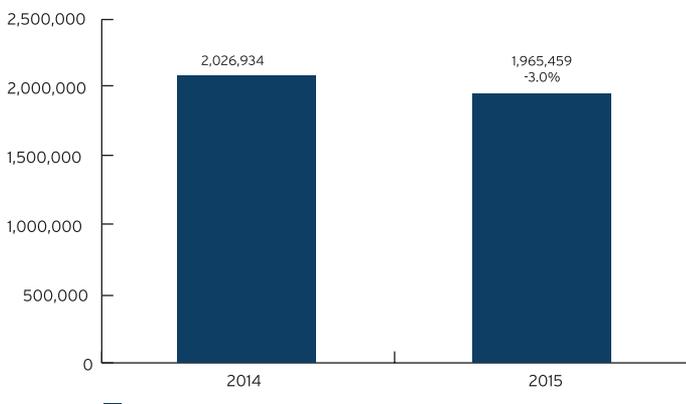


When the All-cargo aircraft weight capacity is taken into consideration the share of cargo capacity is different than the aircraft movement share. The pie chart below shows the real measure of cargo lift provided at SXM in 2015.

With regard to SXM cargo carried by Combination airlines, this total was down by -3.0% in 2015 relative to 2014 as seen in the bar chart below. Europe cargo was up slightly in 2015 by +1.8% while the Americas' cargo was down by -18.8% in these combination airlines. Europe accounted for 80.3% of the total

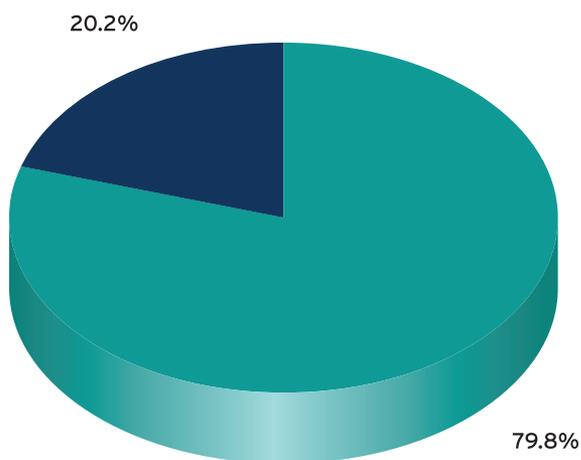
cargo in 2015 on Combination airlines as most of the USA cargo arrives at SXM in All-cargo aircraft.

SXM 2015 Total Inbound Cargo Volume on Combination Airlines



SXM International cargo directionality in 2015, in Combination airlines, was almost 80% inbound and 20% outbound as shown in the pie chart below.

SXM 2015 International Cargo Directionality on Combination Carriers



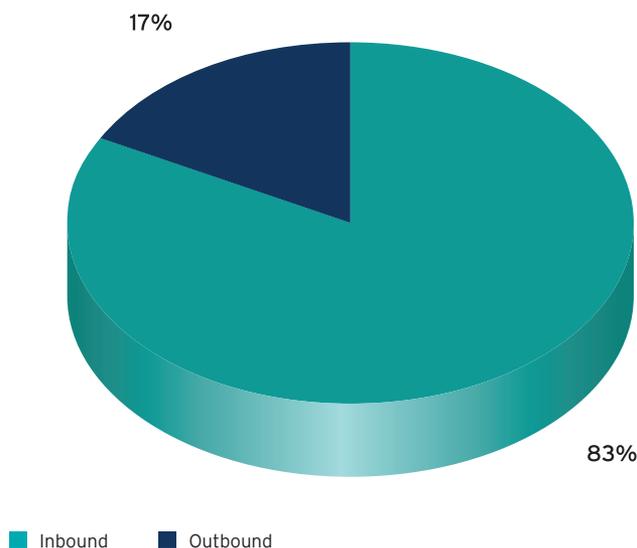
■ Inbound ■ Outbound

Domestic air cargo in 2015 at SXM, which represents about 2% of the total, had the opposite directionality to international cargo with most of the goods travelling outbound as shown in the table below.

SXM 2015 Cargo Directionality		
Type of Cargo	Inbound	Outbound
International	79.8%	20.2%
Domestic	8.0%	92.0%

The 2015 cargo directionality results for Combination carriers, at 79.8% inbound, are somewhat similar to the 2014 total, when the All-Cargo carrier volumes are included with Combination carriers. In that year, total cargo was 83.0% inbound, as imports outpaced exports by a ratio of approximately 4:1.

SXM 2014 Total Cargo Directionality on All Airlines

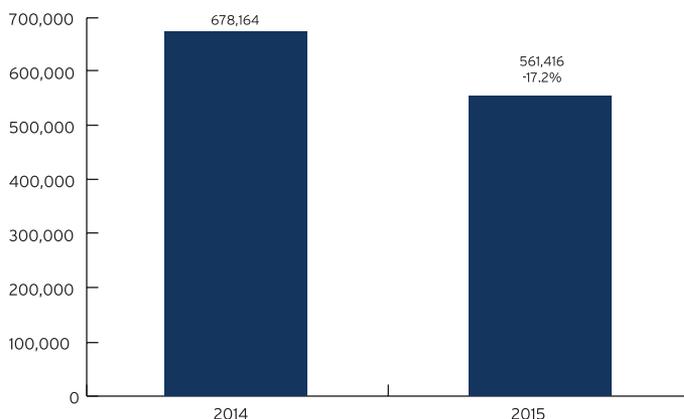


5.2 MAIL

SXM mail is only carried in Combination aircraft so the 2015 statistics are reliable for the overall total, unlike air cargo.

Mail carried in 2015 amounted to 561,416 kgs, down from 678,164 kgs in 2014 or a -17.2% reduction.

SXM Air-Mail (2014-2015)

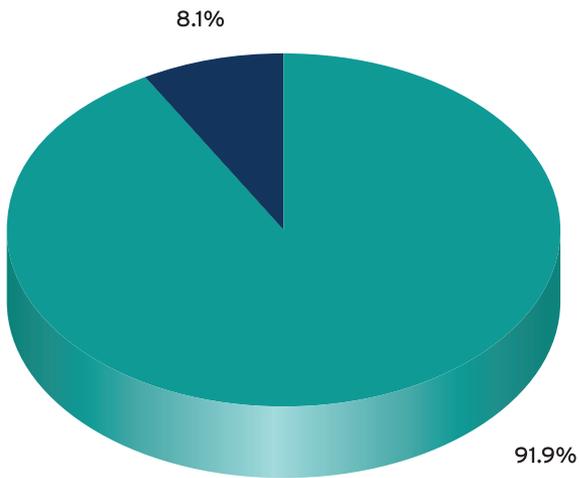




The directionality of SXM mail in 2015 was more accentuated than cargo with some 91.9% inbound and 8.1% outbound which is very similar to 2014 mail directionality at 91.0% and 9.0% respectively.

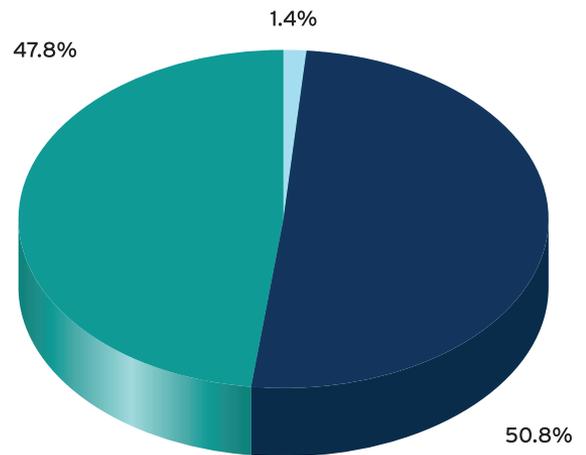
In terms of regional origin of SXM mail, the USA accounted for 50.8% of the total and Europe 47.8%, with Caribbean at 1.4% as shown in the pie chart below. Europe had 95.7% of Air-Mail travelling inbound while the USA was slightly less at 92.4%.

SXM 2015 Air-Mail Directionality



■ Inbound ■ Outbound

SXM 2015 Regional Shares Air-Mail



■ USA ■ Europe ■ Caribbean





6.0 AIRCRAFT MOVEMENTS

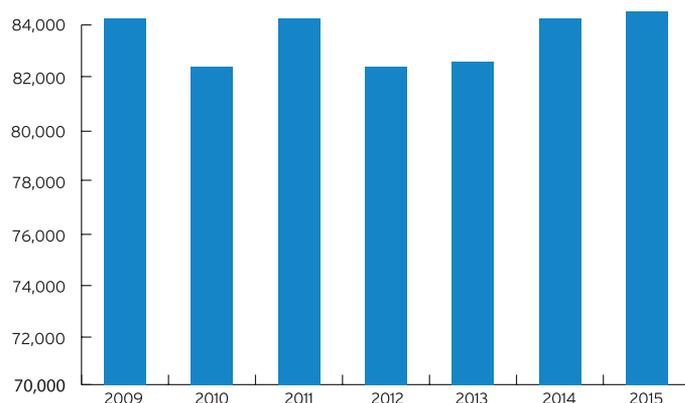
6.1 TYPES

There are two types of aircraft movements at SXM; 1) Those that involve a flight landing or taking-off at the airport itself and 2) Those that overfly the airport. Both are controlled by SXM Air Traffic Control and both involve fees for the services provided.

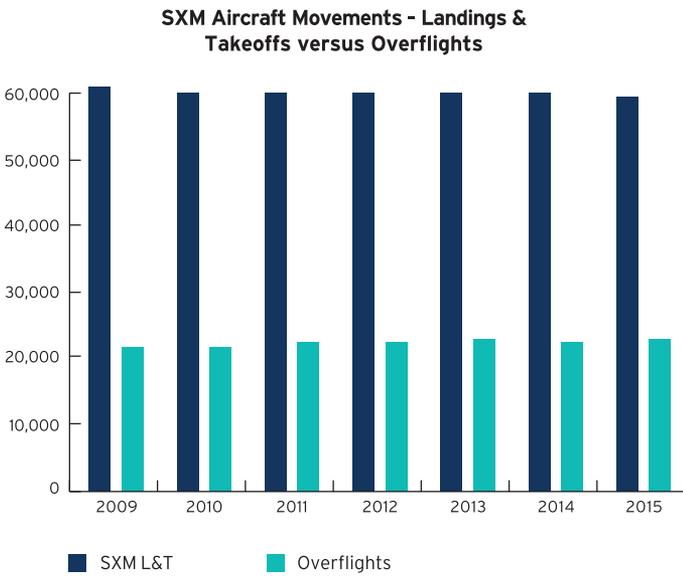
6.2 AIRCRAFT MOVEMENTS

SXM has experienced a rather consistent, stable level of total aircraft movements since 2009 as can be seen in the graph below, with 2015 flights +0.5% below the total in 2009 and +1.0% higher than in 2014.

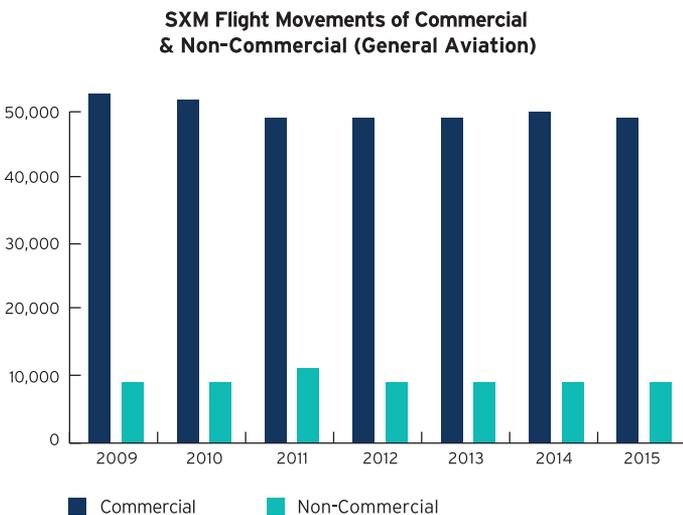
**SXM Total Aircraft Flight Movements
(2009 to 2015)**



However, the main reason for this stability has been the number of Overflights, that is, those aircraft movements that do not land at SXM but transverse the air space controlled by SXM Air Traffic Control. Flights that actually land and take-off at SXM, have diminished over the seven years by -4.8% while Overflights have increased by +15.7% over the same time frame, as shown in the bar chart below. Note that in 2015 there were 59 military overflights and 117 military takeoffs and landings that are included in the flight movement total.



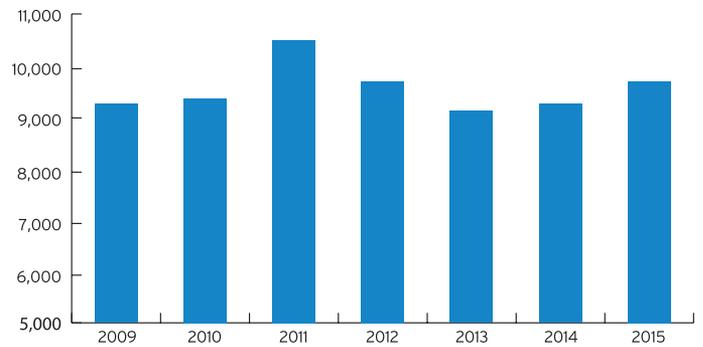
The main contributor to the reduction of SXM landing and taking-off flights has been from commercial aircraft as can be seen in the graph below.



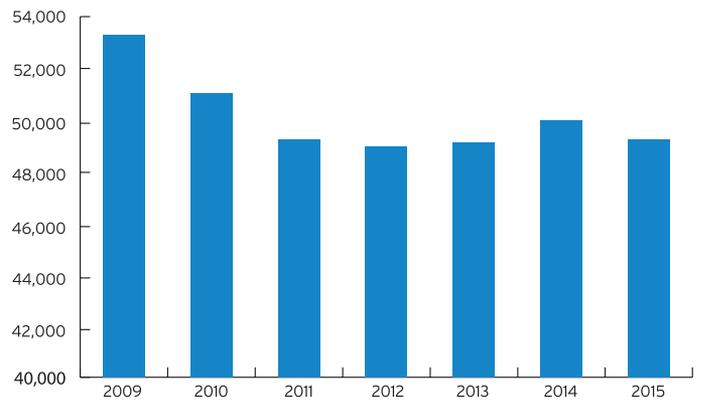
Over the seven years, Commercial flight movements dropped by -6.7% while General Aviation (Private & FBO handled aircraft) increased by +6.4%. Because of the size of the two categories

of flight movements, the change is better depicted below in the two separate graphs of such movements.

SXM General Aviation (Non-Commercial) Flight Movements (2009 to 2015)



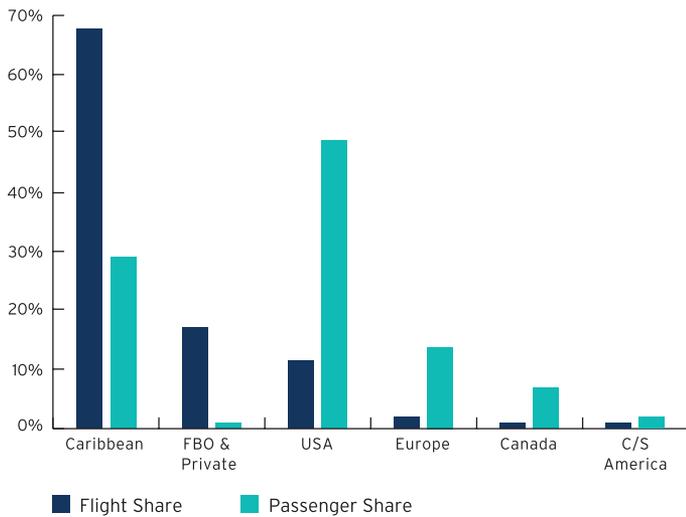
SXM Commercial Flight Movements (2009 to 2015)



6.3 REGIONAL FLIGHT MOVEMENTS & PASSENGERS PER FLIGHT

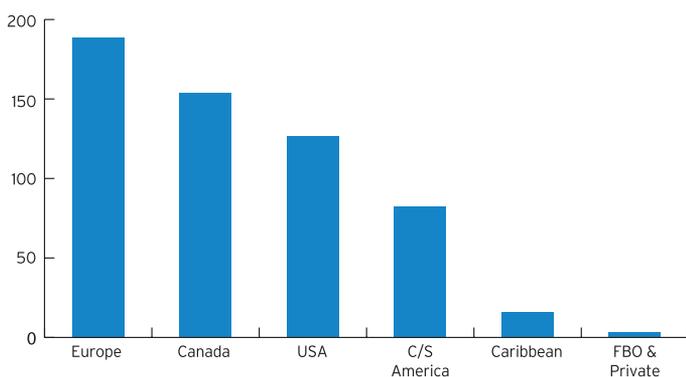
On a Regional basis, flight movements by Caribbean airlines captured the highest share of the SXM total at 63.4%. This high share of flight frequency was due to aircraft with less seat capacity than those operated by long-haul airlines from Europe, the USA and Canada as can be seen in the comparison of flight share versus passenger share in the bar chart below. The Caribbean with the highest flight frequency share of 63.4% had only a 28.6% share of total passengers. FBO & Private aircraft movements were 16.6% share of aircraft movements but only 1.3% of passengers whereas for the USA it was 15.9% share of flights and 48.6% share of passengers.

SXM 2015 Flight Share versus Aircraft Movement Share



Another perspective regarding how flight shares compare to seat shares is to focus on the average number of passengers per flight, by region. On the basis of outbound passengers, Europe flights had the highest passenger loads per flight at 186 followed by Canada at 152 and the USA at 129. The Caribbean carriers averaged only 12 passengers per flight or 9.3% of what the USA achieved.

SXM 2015 Passengers per Outbound Flight



This measure is a combination of aircraft seat capacity and load factor. It would logically be assumed that Europe flights, with aircraft of the highest seat capacity would have the highest passengers per flight and they do at 186. Surprisingly, Canada passengers per flight at 152 are very close to that of Europe (82% of Europe). This is as a result of very high load factors of Canadian flights whereas the Europe flight load factors are brought down by KLM because their flights are also filled

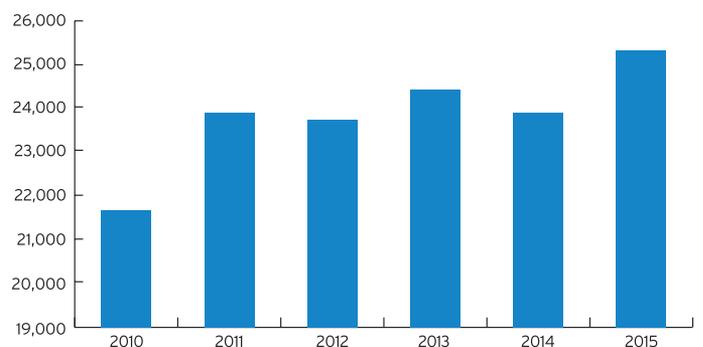
by Transit passengers and the outbound load factor is only counting the Amsterdam destination passengers.

Canadian airlines are using the B737-700, B737-800 and B767-300 with seat capacity ranging from 130 to 211 seats per aircraft. If it is assumed that the average seat capacity was 189, then Canadian carrier load factor would average 80% but if the average were 168 seats, the WestJet B737-800 seat capacity, then the load factor would be 90%. Two of the Canadian carriers substitute higher seat capacity aircraft if advanced bookings appear to exceed the seat capacity of the originally scheduled aircraft. They then substitute higher configured planes.

6.4 OVERFLIGHTS

Over and above the aircraft that are landing and taking off at SXM are flights utilizing the air space controlled by SXM Air Traffic Services (ATS) but landing at another airport within the region of 36 miles radius of SXM. In addition there are aircraft flying through SXM ATS air space and not landing at any airport within the 36 mile radius. Both of these types of operations are known as Overflights which amounted to 30% of all flights controlled by ATS in 2015. The bar chart below describes the number of such flights over the last five years.

SXM Overflight Aircraft Movements



After a -1.0% decrease in such flights in 2011 relative to 2010, the volume of such flights has been up and down but in 2015 they increased by +6.6 % over 2014.



7.0 MILESTONES & ACHIEVEMENTS

SXM AIRPORT CARGO BUILDING GETS MULTIMILLION DOLLAR FACELIFT

Following a public bidding process by invitation in which some 14 contractors participated, Talisien Construction NV was selected as main contractor for the renovation works of the Cargo Building of the Princess Juliana International Airport, SXM. The selection was based on the contractor's price, experience, and good reputation in big construction works.

After contract negotiations with SXM Airport, which was assisted by its legal representative, Lexwell, and with the Supervisory Board of Directors' approval, the multi-million

dollar agreement was signed between Talisien Construction NV and PJIAE NV to commence the construction works for the renovation of the Cargo Building.

The other three agreements, including, Project Management and Supervision, and Steel Structure were signed subsequently. Regina LaBega, SXM Airport managing director and Carl Critchlow, managing director of Talisien Construction NV signed on behalf of their respective companies. The total cost of all the contracts is about US\$3.5 million.

According to LaBega, the renovation of the Cargo Building is necessary given the importance of positioning SXM Airport as a cargo hub for the sub-region. "Of course, we cannot emphasize

Artist's rendition of the new SXM Cargo Building.



enough the important role cargo plays for SXM Airport and our core partners, the airlines,” she added.

Groundbreaking for the Cargo Building renovation works took place in May. The construction will be executed in two phases in order to allow the Cargo Operators to remain operational. Temporary offices were constructed to accommodate the cargo handlers during the construction period.

The Cargo Building has been in need of renovations and improvement for a long time, and is part of the Capital Improvement Program that SXM Airport embarked upon at the beginning of 2013, after securing the funds on the international financial market in December 2012. Cargo and mail movements at SXM Airport have been steadily increasing over the last five years, going from 1,983 tonnes in 2009 to 3,010 tonnes in 2013, a jump of about 52%.

The renovations of the Cargo Building include the re-organization of office spaces, more cargo storage, and parking areas. It will also involve the upgrading and expansion of the restrooms, the addition of a new floor, offices, and a canteen, and will also have to comply with Fire Department Regulations.

SXM SIGNS NEW AGREEMENT WITH ATA FOR EXCLUSIVE RIGHTS TO OPERATE AT AIRPORT

The Princess Juliana International Airport Operating Company NV (PJIAE NV) in its continuous effort to implement and maintain a high standard of customer service at the airport, and further to its mission “to be the regional leader in providing safe, secure, quality and profitable airport services that contribute to the general economic and tourism development of St. Maarten/ St. Martin and the region we serve,” entered into a new two-year agreement with the Airport Taxi Association (ATA), effective January 1, 2015.

The agreement grants the latter the exclusive rights to have its members operate taxi services to third parties at designated areas for taxi parking, collecting and dropping off of passengers at SXM Airport. According to the agreement, non-ATA taxi

drivers shall only be allowed on the airport premises for dropping off third parties, but will not be allowed to pick up third parties on the airport premises.

The agreement also stipulates that all 225 ATA members will be allowed to operate on the airport premises while ATA and its members will take part, at least once a year, in a mandatory training seminar as established by PJIAE in consultation with ATA.

ATA has agreed that at all times, from the arrival of the first airplane till the departure of the last airplane and if this is later till the arrival of the last airplane on each day of the week, the whole year round, including official holidays, it will make available a minimum of ten (10) members to provide taxi services at SXM Airport.

Similarly, all ATA taxi drivers are required to wear the SXM branded uniform when transporting passengers to and from the airport or while working at the airport.

“We are very pleased with this new agreement and are confident that it would result in improved customer service for all users of the airport,” said Regina LaBega, SXM managing director.

Other terms of the new agreement with ATA include:



ATA Secretary Rohan Romney and President Jean Samuel (center) pose with other ATA members in the new SXM branded uniforms. They are joined by Maggie Gumbs, SXM Airport Marketing Officer (left) and Larry Donker, SXM Director of Operations (right).

- All ATA taxi drivers are required to keep their airport taxi card visible to third parties on the right side of their dashboard/window of their taxi vehicle.
- All ATA taxi drivers are required to conduct themselves in a professional manner.
- All ATA taxi drivers are required to display a positive and pleasant attitude toward the passengers.
- The ATA board will promote that its members have spoken command of the English and French languages.

REGINA LABEGA STRESSED NEED TO MODERNIZE FBO FACILITY TO MAINTAIN MARKET SHARE

Twenty-five years after the first call was made for a Fixed Based Operations (FBO) facility, the Princess Juliana International Airport, SXM, and TLC signed an agreement that places the island on the threshold of building a modern, state-of-the-art Terminal for the General Aviation sector.

Speaking at the signing ceremony on Thursday, March 19, Regina LaBega, SXM Managing Director, stressed the importance of the new FBO facility.

“In 2013 and 2014, we had to turn away 67 and 58 requests respectively for parking of private jets. These aircrafts had to go to other airports, and it may become even more difficult to attract them to return to SXM if we do not modernize our FBO facility as soon as possible,” LaBega said.

According to her, the agreement “represents another major step in the realization of the new FBO facility, which forms an important part of our Capital Improvement Program for which SXM Airport obtained financing on the international market.”

“It means that the new facility is guaranteed of the continued services of the two major FBO operators at SXM Airport,” LaBega continued, indicating that SXM recently signed a similar non-exclusive agreement with Arrindell by Signature to operate in the new facility. Both operators, she said, will offer

SXM managing director Regina LaBega and TLC managing director, Steve Kong signing the agreement at the Boardroom of SXM Airport Thursday, March 19, 2015.



passenger, ground handling and into plane fuel services for General Aviation (GA) from the new FBO Terminal.

“This agreement also means that the SXM Management Team has done its part in an open, transparent and fair manner in accordance with all the standard integrity measures required of an international airport like ours,” LaBega stated, pointing to the fact that the bidding process started in December 2014.

Emphasizing that the necessary “permits and authorizations” for the relocation of the Met Office as well as the Civil Aviation Authority of St. Maarten need to be granted “post haste so that this project can take off without any further delay,” LaBega said: “I know the FBO operators are eager to start building their lounges with additional services and amenities at the new facility as agreed. SXM Airport is also anxious to begin the construction of the new facility immediately so that within the next 16 months, the project can be completed as initially planned.”

She praised the vision and efforts of TLC and Signature by Arrindell, the two main FBO operators who will continue to offer their services in the new facility and said both were responsible for the General Aviation sector’s success, which has made SXM number two in the region, behind only The Bahamas.

“Growing a sector like General Aviation from scratch, through dint of hard work, professionalism, commitment and dedication is not easy in this very competitive industry where other destinations have the advantage of unreserved government support,” LaBega remarked.

In an impromptu address, TLC managing director, Steve Kong gave a brief historical background of the development of the General Aviation sector on the island, going back to the “late ‘80s and early ‘90s,” when it was championed by Roy Mingo, now of Signature by Arrindell and TLC’s Kenneth Kong.

“Twenty-five years later, we will have a brand new FBO facility,” Steve Kong said, adding that “If we get additional parking as has been promised,” St. Maarten’s competitive industry edge in the region will increase even more significantly.

Kong said, pilots especially love St. Maarten and advise their wealthy clients to come here even when they want to go elsewhere.

“What we’re going to build at the new FBO Terminal will make St. Maarten proud,” he said.

Following the signing of the agreement, Gary Matser, chairman of the Supervisory Board of Directors of SXM Airport gave a brief toast and congratulated all those who made the agreement possible.

SXM AIRPORT CLARIFIES THE ISSUES OF CLOSED LOOP, DIVIDENDS AND CONCESSION FEES

The Princess Juliana International Airport, SXM, has presented a proposal that it considers a win-win-win situation for all concerned which, in particular, would pave the way for Government to charge some concession fee.

This proposal was disclosed in the presentation the Airport management made to members of the Committee on Tourism, Economic Affairs, Transport and Telecommunications of the Parliament of St. Maarten on Monday, March 23, 2015. The public meeting was carried live on radio and television. It would be the second time SXM Airport would meet with Members of Parliament in about a month to update them about developments at the Airport.

“It was again an honor for us to meet with the Parliamentarians and provide them with detailed answers to their various questions about developments at the Airport and we believe overall, our presentation was well-received,” said Regina LaBega, SXM Managing Director, who was accompanied by her management team at the presentation.

“In fact, we made a similar presentation to the Dutch Prime Minister Rutte and his delegation when he visited the island last July, the Governor, as well as Parliament in a previous meeting, and the response was very positive,” LaBega said, stressing that the Airport runs a very transparent operation and has no problems with giving information to the relevant authorities.

“Central to all our activities right now is the fact that we were able to secure a US\$132 million loan on the international financial market at very favorable terms, all of which was made possible by the Moody’s Investors Service investment grade rating we obtained in 2012, following efforts by successive Governments since 2010 to obtain a sovereign rating, which was also granted simultaneously by Moody’s assigning the Government an even higher investment grade rating,” LaBega recalled.

In a press release issued by Moody’s at the time, it stressed what factored in the rating for SXM Airport were the favorable legal covenants and investor protections in the bond indenture. These include cash funded debt service reserve funds that cover three months debt service, and “a closed loop of funds that does not allow dividends to be paid to the holding company, retaining all excess cash flow for Airport purposes.”

“This is essential to understand why SXM Airport cannot pay dividends to Government,” LaBega explained. “It is a basic condition of the covenant we signed as part of the loan agreement and as such we cannot break it. That is why we have come up with an alternative proposal, which would offer Government a way to receive a concession fee without breaking the loan covenant. This proposal still has to be discussed with Government. We have requested a meeting with the Council of Ministers on this matter and are still awaiting a date for such meeting to take place,” LaBega said.

She stressed that unlike many airports in the region and even in the USA and Europe, SXM is not funded nor subsidized by government at all and has to rely completely on its own financial resources.

“It is in recognition of this that successive governments of St. Maarten decided to grant PJIAE NV a concession to operate the

Airport without charging a concession fee while allowing the Airport to keep the so-called departure fees, which is not a tax, because only government can levy taxes,” LaBega continued.

LaBega recalled that part of the reason the bond issue to raise the US\$132 million loan on the international financial market was quickly oversubscribed was the fact that investors were confident that Government would not be dipping its hands into the Airport’s finances for purposes that have nothing to do with the Airport.

“Investors are aware of the long-standing arms’ length policy of St. Maarten’s Government towards the government-owned companies. As a matter of fact, this was one of the issues raised by the Dutch delegation led by Prime Minister Rutte when we made the presentation to them last year,” LaBega said.

“We don’t need to go into the history of how that policy came into being and what has happened since, but our investors are definitely monitoring the pronouncements of our elected representatives with regards to the issue of dividends and concession fees and other related matters,” she added.

“We understand the position of Government, and we are not against paying concession fees; however, to just institute that now, in spite of the current concession agreement (which does not expire until 2030), would not instill confidence in our investors and could adversely affect not only SXM Airport, but Government and the whole economy of St. Maarten,” LaBega said.

“The closed loop is not something we came up with now; it is an integral part of our loan covenant. If we break that covenant, PJIAE would be in default and then we would need to ask the Government to come up with the US\$132 million and then Government can do whatever it so desires with the Airport. It’s as simple as that. If you have a mortgage loan with a bank, and you later disagree with the basic terms of the loan, then you either have to pay up the bank or adhere to the agreed terms,” she explained, stressing, “this is why we are restricted in what we can do.”

“The airport is a strategic asset to the people of St. Maarten and I’m sure nobody wants to jeopardize its further development. As a growing regional hub, our hub partners too are closely watching what we are doing. More importantly, to continue to take SXM airport to the next level, of course, we need the cooperation of Government, particularly with the permits and authorizations that we are patiently awaiting to be granted.”

SXM AIRPORT PLEASSED WITH SIGNIFICANT INVESTMENT BY ARRINDELL AVIATION BY SIGNATURE IN INTERPLANE FUELING EQUIPMENT

Everything is being put in place to execute the recent agreement signed between Princess Juliana International Airport, SXM, and Arrindell Aviation by Signature dba Signature Flight Support, noted SXM Managing Director, Regina LaBega. She was commenting on the arrival on the island of equipment for interplane fueling recently acquired by Signature.

“I am particularly pleased to note that the ability to handle interplane fueling has created employment opportunities for five full time employees,” remarked LaBega. The “significant” investment by Arrindell Aviation by Signature dba Signature Flight Support further demonstrates its readiness to upgrade

its services even as it awaits the construction of the new FBO facility. This will require the relocation of the current Met Office as well as the Civil Aviation Authority of St. Maarten for which the necessary permits and authorizations are still being expected from government.

At the signing of the agreement with Signature by Arrindell earlier this year, LaBega had praised “the vision and efforts” of the two main FBO operators (Signature and TLC) who will continue to offer their services at the new facility and credited both for the success of the General Aviation sector on the island, which has made the destination number two in the region, behind only the Bahamas, according to a recent Caribbean Journal ranking.

“The investment by Signature in tugs, fuel trucks, water, baggage and golf carts, and other equipment points to the fact that the company is doing its part to maintain the island’s competitive edge,” LaBega remarked.

“Growing a sector like General Aviation from scratch, through dint of hard work, professionalism, commitment and dedication is not easy in this highly competitive industry where other destinations are doing all they can to increase their market share with unreserved government support,” she reiterated.



Arrindell Aviation by Signature dba Signature Flight Support has reportedly conducted interviews to fill the new job opportunities its interplane fueling activity has generated and plans to train its staff in the usage of the various equipment it has just purchased.

SXM AIRPORT RENOVATED DEPARTURE LOUNGE OPENED JUNE 17

Outbound passengers using the Princess Juliana International Airport, SXM, would have noticed a significant change to the Departure Lounge, which has received a transformative face-lift as part of the airport's new retail strategy.

The new Departure Lounge officially opened on Wednesday, June 17. The renovated Departure Lounge forms an integral

A view of the renovated Departure Lounge at SXM Airport.



part of SXM Airport's Capital Improvement Program. The aim was to give the airport a new, more attractive sense of place that would lure passengers to spend more at the concessionaires.

"This is a very important moment for us as we are finally able to launch what began as our new retail strategy aimed at increasing the airport's non-aeronautical revenues in accordance with the best practices all over the world," said Regina LaBega, SXM Airport's managing director.

"We have already been receiving congratulatory messages from passengers that have been using the departure area, with some stating that they were not only impressed but felt proud of their airport becoming a beautiful international gateway," LaBega added.

The opening ceremony featured music, and dance performances as well as video presentations. It ended with a reception in the renovated departure lounge.

SXM AIRPORT INSTALLS PROVISION SECURITY SCREENING MACHINE

Going through security screening at the Princess Juliana International Airport, SXM, will henceforth become a breeze, thanks to the installation of the ultra-modern L-3 ProVision security screening machine.

The L-3's ProVision allows operators to detect virtually any concealed threat effectively and safely: metal, ceramic, plastic, liquid. It is more reliable and less intrusive than pat-down searches, faster than comparative body screening systems, and safer to use than a cell phone.

"We are also taking security to the next level," said Regina LaBega, SXM Airport Managing Director. "Coming in the wake of the official opening of our renovated Departure Lounge, it is clear that we are doing everything we can to improve passenger experience," LaBega added.

According to Larry Donker, Director of the Operations Division at SXM Airport, the decision to purchase the security machine

L-3 ProVision security screening machine installed at SXM Airport.



was based on the need to improve passenger-processing efficiency. The L-3's ProVision supports processing 200 to 300 people per hour depending on protocols, and the targeted search replaces the need for time-consuming physical hand searches, said Donker.

Another reason Donker gave for the purchase of the machine is that its use would remove passenger privacy concerns. It is an image-free system, which detects objects automatically, in a safe and effective way, whilst at the same time ensuring the passenger's privacy. The automatic detection software eliminates the generation and review of images, according to the Operations Division director at SXM.

Other reasons include the cutting-edge technology, which virtually eliminates all health risks for the passengers and security personnel operating it.

The system is being used in The Netherlands, Canada, the UK, Italy, Germany, Australia, the USA, Guyana, and now in St. Maarten.

SXM AIRPORT ORGANIZES MEDIA TRIP FOR AVIATION AND TRAVEL JOURNALISTS

About a dozen international aviation and travel journalists visited the island on a media trip organized by the Princess Juliana International Airport, SXM, from August 11 – 13, 2015. The trip aimed at bringing more international exposure to developments at the airport, and in particular to its increasing hub function.

"In view of the several international awards SXM Airport has won in recent years, and especially seeing that we are considered the international airport for seven hub partners, management has decided to invite a select group of aviation and travel journalists to visit the island and showcase the airport and the island to their readers and viewers," said Ms. Regina LaBega, SXM Airport's managing director.

Ms. LaBega disclosed that a group of stakeholders, including representatives of the St. Maarten Tourist Bureau and the Tourist Office in Marigot, met recently to discuss matters related to the media trip and work on the program of activities for the visiting journalists. Ms. Suzy Kartokromo, acting manager of SXM Airport's Marketing and Customer Service Department, chaired the meeting.

"Of course, our own local media will play an active role in the media trip, networking with their foreign colleagues and having full access to all relevant information concerning developments at the airport," Ms. LaBega added.

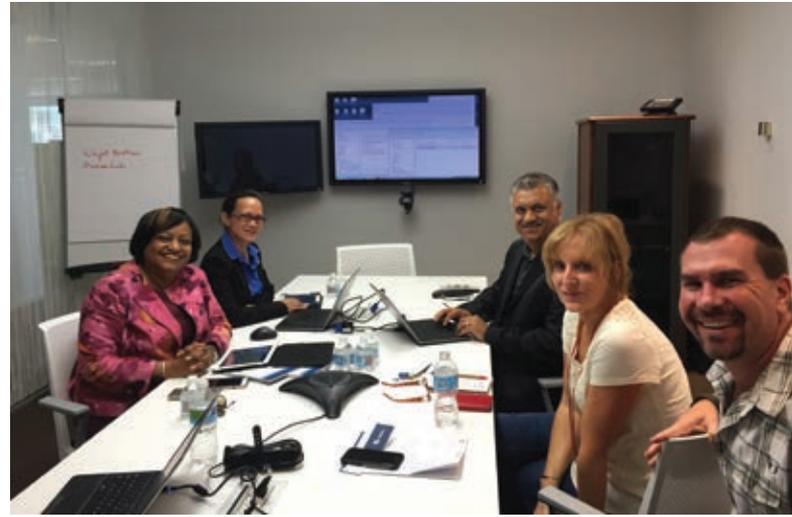
Among the visiting journalists, who were mostly drawn from the US, Canada and the UK, were editors of prestigious aviation and travel publications and contributors to networks such as CNN, ABC, NBC, CBC, BBC, and FOX. Two of the journalists are also professional pilots.

IATA INTERESTED IN SXM AVIATION TRAINING ACADEMY

The International Air Transport Association (IATA) is showing keen interest in partnering with the Princess Juliana International Airport, SXM, with its Aviation Training Academy. This was revealed at a recent meeting held between a delegation of SXM led by managing director Regina LaBega and representatives of IATA's Training and Development Institute (ITDI) upon the latter's invitation, at their regional office in Miami.

ITDI expressed great interest in exploring SXM's needs, but more importantly wanted to determine how it could be part of SXM aviation training plans through a possible partnership. ITDI offers training in all areas related to the aviation industry except for the training of pilots.

According to LaBega, SXM Airport is interested in identifying training areas that would set it aside from the rest of the pack. The discussions therefore focused primarily on the excellent



L-R: Regina LaBega, SXM Managing Director, Suzy Kartokromo, SXM Acting Manager, Customer Service Department, Gurjit Gill, Manager, Training Partners and Business Development, Theresa Light, Manager, Regional Training Center The Americas (both of ITDI), and Lionel van der Walt, IATA Area Manager for the Caribbean.

opportunity that presents itself due to the fact that the entire region is in need of an aviation training academy, especially in filling the void in training for the French Caribbean.

"As a multi-lingual destination, SXM can fill this void," LaBega said. The possible partnership with IATA in establishing the

Media tour delegates at Maho beach.



Aviation Training Academy would result in SXM Airport being fully endorsed by IATA and Airport Council International (ACI) as an IATA Regional Training Host. This in turn would mean that the International Civil Aviation Organization (ICAO) would certify SXM Aviation Training Academy.

As an IATA Regional Training Host, the SXM Aviation Training Academy would be authorized to host IATA classroom courses on its premises, and thus be included in the global IATA classroom schedule.

The Academy would also create high-skilled jobs for potential trainers and enhance business in a number of sectors, such as accommodation, car rentals, restaurants, supermarkets, etc. It would similarly attract business from the region, as trainees from all across the Caribbean would be able to make use of it.

“Some European countries have also indicated that they would consider training their staff at our Academy when established instead of having to do so in Miami and other areas that may be more expensive,” LaBega disclosed.

For all of this to happen, however, support and cooperation from the Civil Aviation Authority of St. Maarten would be critical, as would be the full cooperation of government.

“St. Maarten’s Civil Aviation Authority are completely on board with regards to this plan,” LaBega said.

ITDI, in its vision of becoming the global aviation-training provider of choice, offers top quality training solutions to aviation and travel professionals worldwide. Its approach is to offer practical and relevant training for professional development in areas such as Air Navigation Services, Ground Operations, Airport Planning, Management and Operations, Cargo, Safety, Dangerous Goods Regulations, and Aviation Law amongst others.

With over 430 Global Training Partners in over 90 countries, ITDI has trained more than 95,000 students through its highly sought after Classroom, Distance Learning, Virtual Classroom and Online training courses.

SXM AIRPORT MAINTAINS MOODY'S BAA2 STABLE RATING

In its latest credit opinion on the Princess Juliana International Airport Operating Company, PJIAE NV, Moody’s Investors Service gave the company the same favorable Baa2 rating with a stable outlook it had granted it in 2012, although it noted a number of delays in the execution of the capital improvement program, which could result in cost overruns.

As part of its detailed considerations for the rating, Moody’s analysts pointed to “several unanticipated challenges while securing the new fuel farm location at the current Goddard Catering site.”

“As a consequence, many of the remaining projects are delayed including the fuel farm relocation, Goddard Catering relocation as well as the construction of the fixed based operations (FBO) terminal and the rescue and fire and technical buildings,” Moody’s stated.

And although it said “Management neither expects the program to be delayed further nor to issue debt in order to complete the projects,” the analysts added, that “Our expectation is that some delays and cost overruns are likely to occur due to the projects’ dependency on one another, but this is partially compensated by the improved cash generating capacity.”

Among what could drive the ratings up, Moody’s said was the “completion of the capital programs on time according to the new schedule and within budget.”

Moody’s listed among PJIAE’s credit strengths the fact that it is the “dominant commercial airport on the island ... that

SXM Airport check-in hall. (SXM photo)



also serves as a connecting hub for neighboring islands lacking long-haul air service of their own,” and that the “main terminal, completed in 2006, provides sufficient capacity to accommodate planned growth without the need for extensive capital improvements.”

Other strengths include the “desirable mega-yacht facilities on the island adjacent to the airport (which) drives demand for general aviation,” as well as the fact that “Tourism to the island is driven by high proportion of time share properties and the high end destinations of St. Barths, Anguilla and a proportion of exclusive villas in St. Maarten/St. Martin, resulting in repeat visitors and less passenger volatility than that of other tourist destinations.”

Moody’s also considered as another strength, “a diversified market base of travel origins including the USA, Canada, Europe, Central/South America and the Caribbean (which) helps mitigate single source for business risk.”

The challenges PJIAE faces, according to Moody’s, include exposure to volatility as a result of the “large dependence of the island and the airport on tourism” and the fact that though the debt service reserve has improved from three to six months, it is still “lower than industry norms.”

Other credit challenges identified by Moody’s are the Island’s location in the hurricane belt, which increases event risk to bondholders and the “compensatory nature of airport revenues (which) leaves the airport fully exposed to demand risk.”

“We are pleased with this credit opinion and will continue to work diligently to meet the performance benchmarks set especially for our capital improvement program as mentioned by Moody’s,” said Regina LaBega, managing director of SXM Airport.

120 TRAVEL AGENTS ON DREAMLINER TO SXM AIRPORT ON TUI’S INAUGURAL FLIGHT

About 120 travel agents disembarked the Dreamliner 787 aircraft at SXM Airport on Friday, October 30, 2015 at 4:45PM,

on a FAM trip organized by TUIfly to mark its inaugural flight to the island, which is supported by SXM Airport.

“We’re thrilled to have TUI begin service to our airport with the state-of-the-art Dreamliner 787 aircraft and thus offer additional seats to The Netherlands,” remarked Regina LaBega, SXM Airport managing director.

“This service will no doubt increase visitor arrivals from the European market, particularly the Dutch, and given the reputation of TUI, will guarantee quality and affordable package deals to vacationers,” LaBega added.

The inaugural TUI flight was welcomed with the traditional water canon salute by SXM Airport’s Rescue and Fire-Fighting department, followed by a ceremony for invited guests that included government officials, and TUI executives who arrived on the inaugural flight.

TUI operates a twice-weekly scheduled flight to SXM every Wednesday and Sunday.

Earlier this year, SXM’s managing director, Regina LaBega, met with Arke Fly’s Area Manager for Aruba, Bonaire, Curacao, and St. Maarten, Lara Soetekouw and Sales Manager Marlow de la Fuente. Both parties expressed their commitment to the success of the new service, which officially began November 1, 2015 under TUI. Prior to October 1, 2015, TUI operated as Arke Fly.

TUI Dreamliner aircraft at the gate at SXM.





SXM AIR SHOW TO CLOSE OFF ST. MARTIN DAY CELEBRATIONS

The Princess Juliana International Airport, SXM, organized a first-of-its-kind Air Show on Sunday, November 15, 2015 on the Boardwalk. The event brought the curtain down on the St. Martin Day celebrations.

“We’d like to think that St. Martin Day activities begin at the airport – especially for our visitors – and will end

appropriately with the airport’s SXM Air Show,” said Regina LaBega, managing director of the airport.

The Air Show was coordinated by the award-winning Red Bull Air Race pilot, Frank Versteegh, who has over 40 years’ experience in aviation. He has flown more than 180 different kinds of aircraft in over 1,400 aerobatic displays in 40 countries.

Besides the Air Show, the event included a Family Fun Day, with lots of interesting activities for children and adults as well.

The Family Fun Day featured dance and music – from steel pan to DJs, with crowd favorites, Youth Waves band dishing out their various hits and taking the fans into a special edition of the Boardwalk Jazz Festival, which was organized in collaboration with the Downstreet Community Council.

Highlight of the Boardwalk Jazz Festival was Carlyle Barriteau, a home-grown international guitarist based in the USA.

FIONA VAN KAMPEN WINS TOPPIX PHOTO COMPETITION WITH A “DREAM” LANDING SHOT AT SXM AIRPORT

Fiona van Kampen won the annual SXM Aviation Photography Competition, Toppix, on Friday, November 13, said Suzy Kartokromo, Acting Manager of the Marketing & Customer Service Department at SXM Airport.

Van Kampen took home the first prize purse of \$2,500 for her winning image of a TUI 787 Dreamline airplane preparing to land at SXM Airport. The photograph also depicts the “Most spectacular landing” theme of Toppix 2015.

“Fiona submitted three photos, the maximum number per competition rules, and all of her images were finalists vying for the first prize,” said Kartokromo.

The photographer previously lived in St. Maarten and this year she traveled from Tanzania to participate in the Toppix aviation photo competition.

The contest started on November 6 and concluded at midnight November 12. Judging was held on November 13, followed on Friday afternoon with the announcement of the winners and the prize-giving ceremony.

According to Robert Cijntje, coordinator of the event, about 35 photographers were expected to take part in the SXM Aviation Photography Competition 2015 — coming from the US, Canada, Europe, Africa, and St. Maarten/St. Martin.

SXM AIRPORT SECURITY OFFICERS START COURSE IN BASIC LAW ENFORCEMENT

The Security officers at the Princess Juliana International Airport, SXM, began a seven-month course in “Basic Law Enforcement Safety and Security Training” (BLESST) on Monday, November 9, 2015.



The course was conducted by the St. Maarten Justice Academy. The extensive training was directed toward airport security personnel at the supervisory level.

SXM Airport is committed to providing its frontline workers with the necessary knowledge to better equip themselves in carrying out their essential tasks of providing a safe and secure airport environment, said Jerry Sprott, manager, Security Department of SXM Airport.

Sprott explained that upon successful completion of this recognized training, all candidates would be certified in carrying out the respective law enforcement duties at the airport.

“All over the world, generally, airport security is handled by government. That is why the collaboration with the Ministry of Justice is of vital importance, although our

security personnel are employed directly by SXM Airport,” said managing director Regina LaBega.

“This training course will not only harmonize the skills of our security officers with those of the security agencies of government, but also provide additional confidence that safety and security remain the most important task of the airport,” LaBega added.

SXM AIRPORT ON CNN.COM

The Princess Juliana International Airport, SXM, was highlighted in a report that appeared on edition.cnn.com on Monday, November 16, 2015.

The story, written by Milena Veselinovic and titled “Touring the Caribbean’s most dramatic landing strips,” begins thus: “Thrill-seeking aviation buffs with deep pockets might soon get a chance to embark on a trip of their dreams.



“PrivateFly, a global booking service for private jet charter, has launched a travel itinerary that takes passengers on a tour of the Caribbean’s most dramatic landing strips.”

“For \$72,000 per person, plane enthusiasts can enjoy the part-scenic-part-terrifying landings at St. Maarten, St. Barths and Saba, nicknamed roller-coaster runways for their challenging approaches.”

The article quotes Adam Twidell, PrivateFly CEO and former UK Royal Air Force pilot, as saying, “I have been lucky enough to land at all three as a passenger, experiences I’ll never forget.”

Twidell was among the group of international aviation journalists who took part in a media tour earlier this year organized by SXM Airport.

The CNN story continues: “The first of the three stops, chosen by travelers in a PrivateFly poll, is the island of St. Maarten.

“Planes that descend over the resort’s popular Maho beach on their final approach to the airport look like they are about to scrape vacationers’ heads.”

“You’re so low you can almost read the sunbathers’ newspapers below,” says Twidell.

According to the CNN report, “In recent years the landings have become a tourist draw, with crowds gathering for scheduled arrivals of large jetliners thundering by only a few meters above.”

A multitude of articles in various international publications resulted from the media tour, which also focused attention on St. Maarten’s hub partners, St. Martin, Saba, St. Barths, Anguilla, and Dominica.

The full story can be read at: <http://edition.cnn.com/2015/11/16/aviation/caribbean-scenic-runways/index.html>



8.0 CORPORATE STRUCTURE

The Princess Juliana International Airport operating company (PJIAE, N.V.) is fully owned by the Princess Juliana International Airport Holding Company N.V. (PJIAH), which in turn is owned 100% by the Government of St. Maarten.

PJIAE N.V. was established by Notary Deed of September 13, 1996, with the purpose of managing and operating the Princess Juliana International Airport of St. Maarten. The then Government of the island territory of St. Maarten granted the company a concession for an initial period of 20 years as per Island Decree number 2031, of October 14, 1997. Seven years later, the government via Island Decree number 638, of May 27, 2004 extended the concession by an additional eight years until January 2, 2025. The concession was once again extended in 2012 for another 15 years, thus facilitating the company's Moody's rating.

The Government of St. Maarten is the Concessor, while the Holding Company is the Landlord with PJIAE N.V. being the tenant, operator and concessionaire of the airport and all its facilities.

MANAGEMENT

PJIAE N.V. is managed by a Managing Director, as established in the Articles of Incorporation of the company. A Supervisory Board of Directors consisting of at least three and a maximum of seven members, including the chairperson, has the statutory duty of supervising the Managing Director.

The Managing Director is assisted by the four Division Directors and several Department Managers along with their respective specialized department staff in the management of the company. The Managing Director and the members of the Supervisory Board are appointed by the Holding Company, PJIAH NV as the sole Shareholder of PJIAE N.V. The Supervisory Board meets regularly with the Managing Director to review strategic policy matters and business and financial performance.

This organizational structure allows government to implement its "arms' length" policy in accordance with the principles of good corporate governance. In other words, this means that neither the Supervisory Board of Directors, nor the Shareholder Representative, or any other instance for that matter, can get involved in the day-to-day operations of SXM Airport.

PJIAE N.V. has a lease agreement with the Holding Company (PJIAH N.V.) for the commercial use of the airport facilities (including buildings, etc.). The lease expires either 10 years after the final settlement of all outstanding debts incurred with regards to the financing of the extension of the airport, referred to as the Airport Development Plan Phase 2 in the Strategic Business Plan of PJIAE N.V. dated March 2, 2000, or 25 years with effect from the date of the signing of the lease agreement, whichever is later.

Unlike other similar airport companies in the region and elsewhere, PJIAE does not receive nor depend on any direct subsidy from Government. The airport operates as a self-sufficient company deriving its revenues from both aeronautical and non-aeronautical sources to cover its annual operating costs and finance charges. However, under the current terms, PJIAE N.V. is permitted to keep the Airport Departure Fee (ADF), which it collects on behalf of Government.

On the other hand, the company is fully responsible for the Air Traffic Service, a department that usually falls under government's jurisdiction in other countries. Similarly, it is also in charge of the Security and Rescue & Fire Fighting personnel at SXM Airport, a responsibility that normally belongs to government in other places.

In addition, government agencies such as Immigration and Customs do not pay for the use of offices at the airport, which is another direct contribution to government.



REGINA LABEGA
Managing Director

8.1 MANAGEMENT TEAM



MIGDALA ARTSEN-CLARINDA
Chief of Administration



DENNISCIO BOASMAN
Manager, Electrical & Mechanical Department



NORMA BRILL
Manager, Human Resources Department



ANASTACIO BAKER
Manager, Quality Assurance Department



MIRTO BREELL
Director, Technical Division



ROBERT BROWN
Specials Projects Coordinator



LARRY DONKER
Director, Operations Division



KENDALL DUPERSOY
Manager, ITT Department



GREGORY HASSEL
Manager, Procedural Control Department



KALIFA HICKINSON
Corporate Communications Specialist



DEREK HILMAN
Manager, Project Planning and Systems Control Department



LLOYD HINDS
Manager, Radar Control Department



MICHEL HYMAN
Manager, Operations Department



JUSTINIEN JOE
Manager, Facility Maintenance & Housekeeping Department



SUZY KARTOKROMO
Acting Manager, Marketing & Customer Service Department



MICHAEL LAKE
Manager, Accounting & Reporting Department



EVANS MARSHAM
Manager, Procurement Department



SANDY OFFRINGA
Legal Officer



KETTY PAINES
Manager, Passenger Services Department



SHIRLEY PANTOPHLET-GREGORIA
Manager, Enterprise Risk Management & Compliance



MANILO PENIJN
Manager, Rescue & Fire Fighting Department



JERRY SPROTT
Manager, Security Department



RAUL VAN HEYNINGEN
Director, Air Traffic Services Division



WAYNE VAN PUTTEN
Manager, Investigation Department



JOYCE YORK
Executive Secretary

8.2 SUPERVISORY BOARD OF DIRECTORS



**MARLON
GARY MATSER**
Chairperson

**MELINDA
HOEVE**
Secretary

**WHITFIELD
VLAUN**
Member

**CLEAVLAND
BERESFORD**
Member

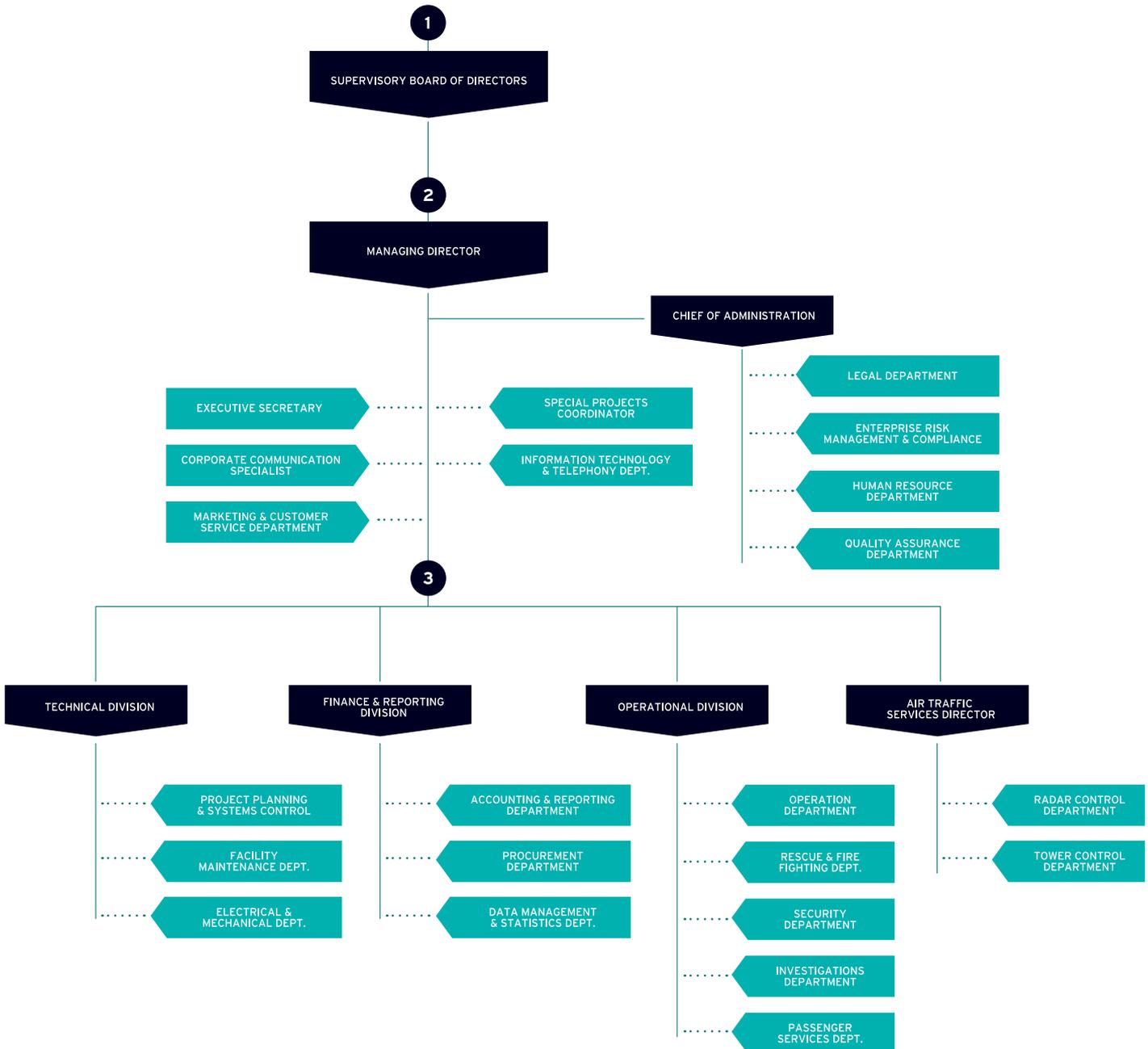
**LUDWIG
OUENNICHE**
Member

**MICHEL
HODGE**
Member

In 2015 the Supervisory Board consisted of the following members:

- Mr. Marlon Gary Matser, Chairperson. Mr. Matser is a businessman and owner and Managing Director of MGM Consultants.
- Melinda Hoeve, Secretary. Ms. Hoeve is an Attorney at Law and Partner in the law firm, Duncan, Brandon, Hoeve and Marica.
- Mr. Whitfield Vlaun, Member. Mr. Vlaun is Senior Sales Manager at First Caribbean International Bank in St. Maarten.
- Mr. Cleavland Beresford, Member. Mr. Beresford is the Managing Director of CBI consultants and services N.V., consultant for ICWI, Captive Insurance Manager, and Insurance Manager for setting up the Terms Of Reference and bidding process for Government properties. Mr. Beresford is also a commercial aviation pilot.
- Mr. Abdellatif “Ludwig” Ouenniche, Member. Mr. Ouenniche was the Personal Advisor and Chef de Cabinet of the Minister of Tourism, Economic Affairs, Transport & telecommunication up to August 2014.
- Mr. Michel Hodge, Member. Mr. Hodge is a businessman. He is also the former President of the St. Maarten Chamber of Commerce and Industry, former Vice Chairman of the Supervisory Board of Directors of the Sint Maarten Harbour Holding Group of Companies, Social Economic Counsel of the former Netherlands Antilles, and former captain of Windward Island Airways, with a flight instructor rating. Mr. Hodge also holds a degree in Airport Management from the Florida Institute of Technology.

ORGANIZATION CHART





9.0 AIRPORT FACTS

GEOGRAPHICAL LOCATION

Simpson Bay, St. Maarten
Longitude 63.1 / Latitude 18.3
Airport area: 642, 415 m²

RUNWAY

Identification numbers: No. 10/28
Length: 2300 m
Width: 45 m
Capacity: 36-40 movement per hour
Runway End Safety Areas (RESA)

APRON

Main: 72,500 m²
Length: 5,000 m²
General aviation: 45 m
General aviation cargo: 7000 m²

TERMINAL

Area: 30,500 m²
Design capacity: 2.5 mil passengers annual
Check-in counters: 46 outfitted with Common Use Terminal Equipment (CUTE)
Boarding gates: 13
Passenger Boarding Bridges: 4
Transfer desks: 8
Immigration booths: 5
Emigration booths: 5
FBO facility

CARGO TERMINAL

Area: 2,000 m²
Capacity: 5 tonne per m² annual

PARKING LOT

Public parking lot: 383 lots
Employee parking lot: 290 lots

NAVIGATION AIDS

NDB, VOR/DME, LOC/BCN
Opening hours: 07:00 - 22:00 hours

SELF SERVICE CHECK-IN

SXM has installed 12 Common Use Self-Service (CUSS) kiosks to ease passenger flow, and is the first airport in the direct vicinity of St. Maarten to bring this technology online. This development represents SXM's aim at remaining in the forefront of the aviation industry in our region. The CUSS kiosks allow passengers to perform automatic check-in, which cuts check-in time by more than half for passengers with checked luggage and offers an even quicker option for those without. This allows SXM to accommodate the extra flow of travelers during peak hours by reducing facility congestion and enabling better use of checkin positions and gates. By introducing CUSS kiosks, SXM is providing faster check-in desks. The aviation industry has welcomed airport self-service check-in kiosks, as they improve passenger processing and customer service.



OUR TRAFFIC

Some 35 direct destinations/cities are serviced from SXM with onward connections to many other cities in the US, Canada, Caribbean, Central America and Europe.

USA

- Atlanta
- Boston
- Charlotte
- Chicago
- Fort Lauderdale
- Miami
- Minneapolis
- New York
- Newark
- Philadelphia
- Washington

Canada

- Montreal
- Toronto

Europe

- Amsterdam
- Paris (CDG & ORY)

Central America

- Panama

Caribbean

- Anguilla
- Antigua
- Barbados
- Curacao
- Dominica
- Guadeloupe
- Haiti
- Jamaica
- Montserrat
- Nevis
- Saba

- Santo Domingo
- San Juan
- St. Barths
- St. Eustatius
- St. Croix
- St. Kitts
- St. Thomas
- Tortola
- Trinidad

AIRLINES

- Air Antilles Express
- Air BVI
- Air Canada
- Air Caraïbes
- Air France
- Air Sunshine
- Air Transat
- American Airlines
- Anguilla Air Services
- CanJet
- Caribbean Airlines
- Copa Airlines
- Delta Airline
- Insel Air
- JetBlue Airways
- KLM
- Liat
- PAWA Dominicana
- Spirit Airline
- St. Barths Commuter
- Sun Country Airlines
- Sunwing Airlines
- Thomas Cook
- TUIfly
- United Airlines
- US Airways
- WestJet
- Winair
- Windward Express

2015 FINANCIAL STATEMENTS

Setting the Standard of Excellence



Princess Juliana
International Airport



Princess Juliana
International Airport
Operating Company N.V.

Princess Juliana International Airport
Operating Company N.V.
St. Maarten
Financial Statements
December 31, 2015



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- 2.4 Statement of cash flows
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3 Supplementary information



Princess Juliana
International Airport
Operating Company N.V.

1 General



1.1 Message of the Supervisory Board of Directors



Message of the Supervisory Board of Directors

On behalf of the Supervisory Board of Directors and in my capacity as Chairman, I am pleased to present the audited financial report of PJIAE N.V. (SXM Airport) for the year 2015.

The year 2015 was an overall good year for SXM Airport compared to the previous year 2014 as all relevant key financial figures reflect increases, both in passenger movements, aircraft traffic and non-aeronautical revenue streams. PJIAE N.V. ended 2015 with an ANG 8.9 million Comprehensive Net Income, which is a 2.0% increase when compared to 2014, although the total operational costs including depreciation at PJIAE had increased by 5.7%.

Noteworthy to mention is the increase experienced in the Non-Aeronautical revenue in 2015 compared to 2014. The Non – Aeronautical Revenues, as a percentage of total revenues, increased by 1.8% from 18.3% to 20.1%. The positive results are encouraging and efforts to further enhance the retail experience of the travelers and the relationship with our business partners are continuing.

Safety and security remain top priorities for SXM airport given the company's primary objective and in this regard we can report that efforts in 2015 helped to consolidate our position as a Hub airport delivering real benefits to the travelling public.

SXM Airport's continuous quest to achieve its strategic goals and improve the product and services rendered is not without challenges, both internal and external. The Supervisory Board, directly and through its Audit Committee, was kept regularly up to date by the PJIAE Management Team and is pleased to see that the company has been resilient. Further efforts to improve company processes and functioning are ongoing.

The external auditors have audited the 2015 Financial Statements; the findings were discussed with the Audit Committee and the Supervisory Board in the presence of the Management Board, and unanimously approved.

The Supervisory Board of Directors would like to thank Management, our business partners, stakeholders and the entire SXM Airport Community for their commitment and hard work and count on their support in maintaining and improving the services of this vital institution.

Sint Maarten, June 8, 2016



M. Gary Matser
Chairman



1.2 Message by Deputy Managing Director



Message by Deputy Managing Director

For SXM airport 2015 has been another safe and successful year. The Princess Juliana International Airport Operating Company N.V. (PJIAE) achieved a number of key strategic operational and financial milestones. PJIAE's success is based on the management of the airport business in a manner that balances social and operational needs taking our corporate objectives into account, while meeting the needs of all our stakeholders, including customers, investors, employees, airport partners and the community.

In 2015 PJIAE's total revenues increased by ANG 6.7 million or 6.3% compared to the year 2014. The non-aeronautical revenue increased by ANG 3.2 million or 16.9%. The total fiscal year operating expenses, including depreciation increased by ANG 4.7 million or 5.7%. The majority balance increase is related to depreciation expenses which is attributable to an increase in depreciable assets. However, comparing operating expenses, excluding depreciation, the overall total operating expenses only increased by ANG 1.7 million or 2.8%. Maintenance is the second highest absolute and percentage increase.

PJIAE due to the many efforts and foresight continues to exceed its bond covenant requirements with a Debt Service Coverage Ratio of 1.96 as of December 31, 2015. In 2014 we forecasted that SXM airport earnings would even out due to cost cutting measures of airlines, much experienced in Europe and South America, however in 2015 SXM airport saw an increase passenger movement of 4.7% and a slight increase in aircraft movements including overflights of 0.4%.

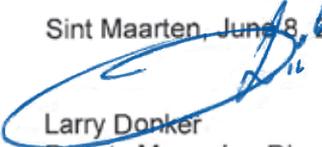
With cost management efforts PJIAE managed to perform convincingly, even in these sensitive times and will continue to pursue this path. PJIAE will continue to deliver the highest levels of safety and security; which is a core value for SXM airport and we are committed to continuous improvement in this area. Moreover, SXM airport is continuously growing its Hub function, which will be beneficial to SXM airport's operation and financial well-being of the SXM airport.

SXM airport faced year 2015 with confidence and with optimistic expectations of what the future will bring. We wish to continue SXM Airport's positive development in 2016, knowing that SXM airport's top priority is to maintain and grow the amount of air service and airline operators. In terms of passenger figures, we have our sights set on the 1.8 million target. Based on current developments, this should be achievable in 2016.

We are very satisfied with these results, because they are a joint achievement of the entire airport community. The collaboration with our airport partners to improve operational efficiency and the passenger experience will continue to remain key. SXM airport has delivered value for its investors with another record year of exceptional operational performance which drove good financial growth.

I would like to express my thanks to the Supervisory Board of Directors and to all of SXM Airport's employees for their commitment and their successful efforts in the financial year under review. Looking at SXM airport's strategies, it should be highlighted that one very important strategy is to spread the source market across a wider region, mitigating the airport's and the island's overall risk to geographical economical variability.

Sint Maarten, June 8, 2016



Larry Donker
Deputy Managing Director



Independent Auditor's Report

To the Management and Supervisory Board of Directors of
Princess Juliana International Airport
Operating Company N.V.
Simpson Bay
St. Maarten

Reference number: PP/CR/67.600.3/42282

Report on the financial statements

We have audited the accompanying financial statements 2015 of Princess Juliana International Airport Operating Company N.V., St. Maarten, which comprise the statement of financial position as at December 31, 2015, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements, in accordance with Book 2 of the Civil Code applicable for St. Maarten. Management has elected to prepare the financial statements in accordance with International Financial Reporting Standards. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Princess Juliana
International Airport
Operating Company N.V.



Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Princess Juliana International Airport Operating Company N.V. as at December 31, 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

St. Maarten, June 8, 2016
PricewaterhouseCoopers St. Maarten

A handwritten signature in blue ink, appearing to read 'Cees Rokx', is written over a light blue horizontal line.

Cees Rokx



2 Financial Statements



2.1 Statement of financial position

		As at December 31	
	Note	2015	2014
		ANG	ANG
ASSETS			
Current assets			
Cash	2.5.5	25,565,298	13,117,358
Short-term bank deposits	2.5.6	12,899,190	12,899,190
Restricted cash accounts - current portion	2.5.7	27,434,193	36,812,346
Accounts receivable - net	2.5.8	23,216,206	22,585,318
Loan receivable - current portion	2.5.9	213,600	213,600
Other receivables and prepaid expenses		177,991	154,873
		<u>89,506,478</u>	<u>85,782,685</u>
Non-current assets			
Restricted cash accounts - non-current portion	2.5.7	12,625,008	17,359,396
Deferred tax asset	2.5.21	-	1,818
Long-term loan receivable	2.5.9	2,136,000	2,349,600
Property and equipment - net	2.5.10	250,487,533	253,982,109
		<u>265,248,541</u>	<u>273,692,923</u>
Total assets		<u><u>354,755,019</u></u>	<u><u>359,475,608</u></u>
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued expenses	2.5.11	9,027,772	13,222,245
Long-term liabilities - current portion	2.5.12	12,963,732	13,317,179
		<u>21,991,504</u>	<u>26,539,424</u>
Non-current liabilities			
Long-term liabilities	2.5.12	206,468,794	218,324,880
Provision for jubilee bonus	2.5.13	2,805,280	2,538,662
Deferred tax liabilities	2.5.21	8,323,399	5,843,701
		<u>217,597,473</u>	<u>226,707,243</u>
Total liabilities		<u>239,588,977</u>	<u>253,246,667</u>
Equity			
Share capital	2.5.14	200,000	200,000
Contributed surplus	2.5.14	5,200,000	5,200,000
Retained earnings		109,766,042	100,828,941
Total equity		<u>115,166,042</u>	<u>106,228,941</u>
Total liabilities and equity		<u><u>354,755,019</u></u>	<u><u>359,475,608</u></u>

The accompanying notes are an integral part of these financial statements.



2.2 Statement of comprehensive income

	Note	Year ended December 31	
		2015	2014
		ANG	ANG
REVENUES			
Passenger accomodation fee	2.5.16	57,184,684	54,939,084
Airport fees	2.5.16	16,923,776	16,124,415
Passenger screening fees	2.5.16	16,821,008	16,345,075
Rent and concessions	2.5.17	14,388,314	12,132,831
Other revenues	2.5.18	7,985,194	6,999,201
		<u>113,302,976</u>	<u>106,540,606</u>
COSTS AND EXPENSES			
Personnel expenses	2.5.19	28,967,079	28,444,767
Depreciation	2.5.10	25,665,033	22,646,274
Water and electricity		5,375,968	6,621,517
Maintenance		5,400,081	4,146,297
Professional and service fees		5,017,100	5,364,917
Insurance		3,630,649	4,051,634
Cleaning and garbage removal		2,610,012	2,577,254
Advertising and promotion fees		1,815,597	1,531,203
Provision for (reversal of) bad debts	2.5.8	184,439	(108,102)
Other administrative expenses	2.5.20	9,224,050	7,888,686
		<u>87,890,008</u>	<u>83,164,447</u>
		<u>25,412,968</u>	<u>23,376,159</u>
OPERATING PROFIT			
FINANCE INCOME AND COST			
Interest income		542,747	228,109
Interest expense	2.5.12	(14,537,098)	(13,093,728)
		<u>(13,994,351)</u>	<u>(12,865,619)</u>
PROFIT BEFORE INCOME TAX			
Profit tax	2.5.21	(2,481,516)	(1,772,901)
		<u>8,937,101</u>	<u>8,737,639</u>
NET INCOME FOR THE YEAR			
Other comprehensive income		-	21,108
TOTAL COMPREHENSIVE INCOME			
		<u><u>8,937,101</u></u>	<u><u>8,758,747</u></u>

The accompanying notes are an integral part of these financial statements.



2.3 Statement of changes in equity

	Share capital	Contributed Surplus	Retained earnings	Total
	ANG	ANG	ANG	ANG
Balance as at January 1, 2014	200,000	5,200,000	92,070,194	97,470,194
Net income for the year	-	-	8,737,639	8,737,639
Other comprehensive income	-	-	21,108	21,108
Balance as at December 31, 2014	200,000	5,200,000	100,828,941	106,228,941
Net income for the year	-	-	8,937,101	8,937,101
Balance as at December 31, 2015	200,000	5,200,000	109,766,042	115,166,042

The accompanying notes are an integral part of these financial statements.



2.4 Statement of cash flows

	Note	Year ended December 31	
		2015	2014
		ANG	ANG
Cash flows from operating activities			
Operating profit		25,412,968	23,376,159
Adjustments for:			
Depreciation	2.5.10	25,665,033	22,646,274
Provision for (reversal of) bad debts	2.5.8	184,439	(108,102)
Operating profit before working capital changes		51,262,440	45,914,331
Decrease (increase) in:			
Accounts receivable		(815,327)	(5,280,848)
Other receivables and prepaid expenses		(23,118)	(25,480)
Increase (decrease) in:			
Accounts payable and accrued expenses		(4,565,429)	1,507,181
Provision for jubilee bonus	2.5.13	266,618	154,257
Cash generated from operations		46,125,184	42,269,441
Interest received		542,747	228,109
Interest paid		(13,058,496)	(11,966,698)
Net cash provided by operating activities		33,609,435	30,530,852
Cash flows from investing activities			
Movement in restricted cash		14,112,541	16,460,158
Acquisitions of property and equipment	2.5.10	(22,170,457)	(30,839,352)
Decrease in long-term loan receivable	2.5.9	213,600	213,600
Net cash used in investing activities		(7,844,316)	(14,165,594)
Cash flows from financing activity			
Repayments on long-term debt		(13,317,179)	(12,627,843)
Net cash used in financing activity		(13,317,179)	(12,627,843)
Net increase in cash		12,447,940	3,737,415
Cash at beginning of year		13,117,358	9,379,943
Cash at end of year		25,565,298	13,117,358

The accompanying notes are an integral part of these financial statements.



2.5 Notes to the financial statements

2.5.1 General information

The Princess Juliana International Airport Operating Company N.V. ('the Company' or 'PJIAE') was incorporated on September 13, 1996 in St. Maarten, (formerly St. Maarten, Netherlands Antilles) and is registered at the Chamber of Commerce St. Maarten under number 9660. PJIAE is situated at the Airport Boulevard #99 in Simpson Bay.

On January 13, 1997, the Council of Ministers (formerly Island Council) of St. Maarten granted a concession to PJIAE, retroactively to January 3, 1997 to operate the airport. The concession was initially given for a period of 20 years ending January 2, 2017. In May 2004, the concession was extended by 8 years, thus ending on January 2, 2025. On September 21, 2012, the concession agreement was further extended up to January 3, 2030. The concession can be revoked if PJIAE does not adhere to the regulations of the concession agreement. The concession will cease to exist in case of bankruptcy, or if PJIAE goes into a moratorium.

The Company is a wholly-owned subsidiary of Princess Juliana International Airport Holding Company N.V. (PJIAH). PJIAH is fully owned by the Government of St. Maarten. The Company's ultimate parent is the Government of Sint Maarten.

These financial statements have been authorized for issue by the Supervisory Board of Directors on June 8, 2016.

2.5.2 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.5.3.



(a) New and amended standards adopted by the Company

There are no new IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after January 1, 2015 that would be expected to have a material impact on the Company.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2015, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9, '*Financial instruments*', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through 'Other comprehensive income (OCI)' and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company is currently assessing the full impact of IFRS 9.

IFRS 15, '*Revenue from Contracts with Customers*', introduces the core principle that revenue must be recognized when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognized, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognized if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalized and amortized over the period when the benefits of the contract are consumed. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company is currently assessing the full impact of IFRS 15.

IFRS 16, '*Leases*', sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee



accounting model. Lessees will be required to recognize: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The standard is effective for accounting periods beginning on or after January 1, 2019. Early adoption is permitted. The Company is currently assessing the full impact of IFRS 16.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Functional and presentation currency

These financial statements are presented in Netherlands Antillean Guilders (ANG), which is the Company's functional and presentation currency. All financial information presented in ANG has been rounded to the nearest ANG, except when otherwise indicated.

Foreign Currency Denominated Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income. The exchange rate between the United States Dollars (USD) and ANG is fixed at ANG 1.80: USD 1.00, which approximates the official exchange rates.

Financial assets

a. Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) and available-for-sale (AFS). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Company has no financial assets at FVPL, HTM and AFS investments.

b. Recognition and derecognition

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

c. Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are subsequently carried at amortized cost using the effective interest method.



d. Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in profit or loss.

e. Income recognition

Interest income is recognized using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'cash and cash equivalents', 'restricted cash accounts', 'accounts receivable' and 'loan receivables' in the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in banks and other short-term highly liquid investments with original maturities of three months or less, which are subject to insignificant risk of change in value.

Restricted cash are reserve accounts maintained by the Company in connection with its existing long-term loans (see Notes 2.5.7 and 2.5.12).

Accounts Receivable

Accounts receivable are carried at original invoice amount less an allowance for bad debts based on a review of all outstanding amounts at year-end. Bad debts are written off when identified.



Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable cost of bringing the asset to the location and condition for its intended use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is charged to income. Costs incurred in projects in progress are capitalized.

Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives are as follows:

Terminal, related works & infrastructure	10 - 40 years
Terminal building improvements	10 years
Buildings	10 years
Furniture & fixtures	5 years
Equipment	5 years
Vehicles	3 – 5 years
Computers	5 years

Asset under construction is stated at accumulated costs until completion and is not depreciated until put use.

At the end of each reporting period Management assesses whether there is any indication of impairment of property and equipment. If any such indication exists, Management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognized in profit or loss for the year. An impairment loss recognized for property and equipment in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.



Borrowings/Long term liabilities

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowing or long-term liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing borrowing or liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales taxes or duties.

Revenue is recognized upon performance of services.

Expense recognition

Cost and expenses are recognized when incurred.



Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Employee benefits

PJIAE operates a defined contribution pension plan for the majority of its employees, the assets of which are held in a trustee-administered fund. The pension plan is funded by payments from employees and PJIAE. PJIAE's contribution to the pension plan is charged to the profit or loss in the period to which the contribution relates. The employer contributes 9% and the employee 3% of the pension calculation basis. PJIAE also contributes to the civil servant pension plan for a small number of its employees who are former civil servants. This pension plan is also accounted for as defined contribution plan since the contributions are set at a level that is expected to be sufficient to pay the required benefits.

Furthermore, PJIAE grants jubilee bonuses after a certain number of service years. This bonus scheme has been provided for on a discounted value basis using the projected unit credit method. Actuarial gains and losses are recognized immediately through profit or loss and all past service cost are recognized immediately.

Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the country where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.



Related party relationship and transactions

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among entities and its key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Contingencies

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Events after the reporting date

Post year-end events that provide additional information about the Company's financial position at reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

2.5.3 Critical accounting estimates and assumptions

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates, assumptions and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for doubtful accounts

Provision for doubtful accounts is maintained at a level considered adequate to provide for potentially uncollectible receivables. The level of provision is based on past collection experience and other factors that may affect collectability. An evaluation of the receivables, designed to identify potential charges to the provision, is performed on a continuous basis throughout the year. Management evaluates specific accounts of customers who are unable to meet their financial obligations. In these cases, management uses judgment based on the best available facts and circumstances, including but not limited to, the length of relationship with the customers and the customers' payment history. The amount and timing of recorded expenses for any period would therefore differ based on the judgments made.



Estimated useful lives of property and equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Company's assets. There were no changes in the estimated useful lives of property and equipment during the year.

Impairment of property and equipment

The Company's property and equipment is carried at cost less accumulated depreciation. The carrying value is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in those judgments could have a significant effect on the carrying value of property and equipment and the amount and timing of impairment for any period.

The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset or a cash-generating unit value in use and fair value less costs to sell. Recoverable amount is estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. While it is believed that the assumptions used in the estimation of value in use and fair value less cost to sell are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

As at December 31, 2015 and 2014, Management believes, based on its assessment and judgment, that the carrying value of its property and equipment are recoverable.

Provision for jubilee bonus

The determination of the Company's obligation and cost for jubilee bonus is dependent on the selection of certain assumptions determined by management. Those assumptions include discount rates and rates of future salary increase. While management believes that its assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Company's provision for jubilee bonus.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the provision for jubilee bonus. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related provision jubilee bonus.

Other key assumptions for provision for jubilee bonus are based in part on current market conditions. Additional information is disclosed in Note 2.5.13.

2.5.4 Capital and financial risk management

Risk management structure

The Supervisory Board of Directors has the responsibility to oversee the overall risk management process within the Company. The Managing Board of Directors is ultimately responsible for managing and controlling risks.

As part of the risk management programs, there are separate independent bodies responsible for identification and assessment of risks. The line directors and managers are responsible for the implementation of the risk management policies and procedures.

Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign currency risk, cash flow and fair value interest rate risk). In addition business risks, such as changes in the environment, technology and industry are monitored and controlled through the Company's strategic planning process. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Company. Credit risk arises from cash and cash equivalents, restricted cash, accounts receivable, loan receivable and other receivables. As part of the risk control, the Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The Company provides a 14-day credit limit to customers. Sales to customers are settled in cash or bank transfers.

The table below provides information regarding the credit risk exposure of the Company.

At December 31, 2015	Neither past due nor impaired	Past due but not impaired	Past due impaired	Total
	ANG	ANG	ANG	ANG
Cash*	25,565,224	-	-	25,565,224
Short-term bank deposits*	12,899,190	-	-	12,899,190
Restricted cash accounts*	40,059,201	-	-	40,059,201
Accounts receivable	6,964,666	16,251,540	2,209,583	25,425,789
Loan receivable**	2,349,600	-	-	2,349,600
Other receivable	108,373	-	-	108,373
	<u>87,946,254</u>	<u>16,251,540</u>	<u>2,209,583</u>	<u>106,407,377</u>



At December 31, 2014	Neither past due nor impaired ANG	Past due but not impaired ANG	Past due impaired ANG	Total ANG
Cash*	13,116,134	-	-	13,116,134
Short-term bank deposits*	12,899,190	-	-	12,899,190
Restricted cash accounts*	54,171,742	-	-	54,171,742
Accounts receivable	10,170,905	12,414,413	3,017,628	25,602,946
Loan receivable**	2,563,200	-	-	2,563,200
Other receivable	69,029	-	-	69,029
	92,990,200	12,414,413	3,017,628	108,422,241

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

*The Company's cash, short-term bank deposits and restricted cash accounts are deposited with the reputable banks. The risk is mitigated by the short-term and/or liquid nature of its short-term deposits, which are placed with financial institutions of high credit standing.

**Loan receivable is a related party transaction where settlement is made based on the terms of the contract. Settlement is obtained from the counterparty following the terms of the financial instrument without much collection effort.

The credit quality of accounts receivable that are neither past due nor impaired are as follows:

	2015 ANG	2014 ANG
Group 1 - Customers with no defaults	3,881,612	3,668,836
Group 2 - Customers with some defaults but were fully recovered	3,078,509	37,991
Group 3 - Customers with some defaults and has probability of being impaired	4,545	6,464,078
	6,964,666	10,170,905



As at 31 December 2015, accounts receivable of ANG 16,251,540 (2014: ANG 12,414,413) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2015	2014
	ANG	ANG
Past due 31 to 60 days	3,060,996	6,638,254
Past due 61 to 90 days	4,202,006	3,431,893
Over 90 days	8,988,538	2,344,266
	<u>16,251,540</u>	<u>12,414,413</u>

The Company is not exposed to significant concentration risk as the Company's debtors are not concentrated with specific individuals or a homogenous group of counterparties of similar credit worthiness or credit quality.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the ability of funding through an adequate amount of committed credit facilities. Due to the dynamics of the business, the Company aims to maintain flexibility in funding by keeping committed credit lines available.

The tables below summarize the contractual maturities of the Company's financial liabilities based on contractual repayment arrangements.

At December 31, 2015	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
	ANG	ANG	ANG	ANG
Accounts payable and accrued expenses	9,027,772	-	-	9,027,772
Long-term liabilities	12,963,732	60,393,576	146,075,218	219,432,526
	<u>21,991,504</u>	<u>60,393,576</u>	<u>146,075,218</u>	<u>228,460,298</u>
At December 31, 2014	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
	ANG	ANG	ANG	ANG
Accounts payable and accrued expenses	13,222,245	-	-	13,222,245
Long-term liabilities	13,317,179	65,047,550	153,277,330	231,642,059
	<u>26,539,424</u>	<u>65,047,550</u>	<u>153,277,330</u>	<u>244,864,304</u>



Foreign exchange risk

The Company operates domestically and is not considered to be significantly exposed to foreign currency exchange risk as the transactions are mostly in USD with fixed exchange rate to the ANG.

Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates, while fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

As the Company has no significant interest-bearing financial assets, the Company's income and operating cash flows substantially independent of changes in market interest rates. The Company's interest rate risk arises from long-term borrowings. Borrowings at fixed rates exposed the Company to fair value interest rate risk. Changes in fair value of these borrowings, however, does not have any impact on the financial statements of the Company because of the classification of these instruments.

Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, accounts receivables, current restricted cash, current loan receivable, other receivable, accounts payable and accrued expenses approximate their fair values due to the short-term maturities.

The estimated fair value of non-current restricted cash, long-term loan receivable and long-term liabilities represents the discounted amount of estimated future cash flows expected to be received or paid. Expected cash flows are discounted at current market rates to determine fair value.

Capital management

The objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Supervisory Board of Directors monitors the return on capital, which the Company defines as net operating income divided by total shareholder's equity.

Total capital is calculated as the sum of share capital, contributed surplus and retained earnings as shown in the statement of financial position. There were no changes in the Company's approach to capital management during the year.

The Company also monitors its compliance with the loan covenant from its existing long-term liabilities. Under the terms of the major borrowing facilities, the Company is required to comply with debt service coverage ratio (EBITDA divided by the aggregate amount of interest plus principal repayments) of 1.25. This loan covenant is defined as one of the event of default. In the event of default, the entire amount of principal and accrued interest of the 5.5% fixed rate senior secured notes will be due and payable immediately by written notice to the Company and Trustee, unless such default shall be cured by the Company prior receipt of such written notice.

The Company has complied with this covenant throughout the reporting period. As at December 31, 2015, the debt service coverage ratio was 1.96 (2014: 1.76).



2.5.5 Cash

	2015	2014
	ANG	ANG
Cash on hand	74	1,224
Cash in banks	25,565,224	13,116,134
	<u>25,565,298</u>	<u>13,117,358</u>

Cash in banks earn interest at the respective bank current account rates.

PJIAE has an existing stand-by operating facility at The Windward Islands Bank N.V. (WIB) for an amount of ANG 3,500,000 and ANG 9,000,000 (USD 5,000,000) subject to interest of 9% and 6% per annum, respectively. The bank has requested and received a comfort letter from the Government of St. Maarten (Ultimate Parent).

The Company incurred an interest expense of ANG 729,352 (2014: ANG 735,113) for using the above operating facility.

As at December 31, 2015, Management reclassified a total amount of ANG 10,931,733 (2014: ANG 11,763,237) from 'Restricted cash' to 'Cash' accounts available for working capital requirements (see Note 2.5.7)

2.5.6 Short-term deposits

Short-term bank deposits of ANG 12,899,190 (2014: ANG 12,899,190) have maturities of 180 to 360 days and bears effective annual interest rates ranging from 0.10% to 0.25% (2014: 0.10% to 0.25%).

The interest income earned on the above short-term deposits amounted to ANG 20,400 for the year ended December 31, 2015 (2014: ANG 20,400).



2.5.7 Restricted cash accounts

	2015	2014
	ANG	ANG
<i>Current</i>		
Project account	18,382,990	30,500,000
Airport departure fees account	9,051,203	6,312,346
	<u>27,434,193</u>	<u>36,812,346</u>
<i>Non-current</i>		
Debt service reserve account	12,625,008	12,625,008
Project account	-	4,734,388
	<u>12,625,008</u>	<u>17,359,396</u>

In connection with PJIAE's existing long-term liabilities, PJIAE has to maintain the following reserve accounts:

Airport Departure Fee (ADF) Accounts

As part of New Notes due 2027, the Company entered into an ADF Account Agreement with RBC Trust, in its capacity as Collateral Agent to deposit the Airport Departure Fees it receives directly from passengers and from airlines. On bi-weekly basis, the Collateral Agent will release funds on ADF accounts to the Company and will retain 1/6 of the amount of the next succeeding interest and principal payments in respect of the New Notes (see Note 2.5.12). As at December 31, 2015, Management designated an amount of ANG 9,015,203 (2014: ANG 6,312,346) for the payment of principal and interest in respect of the new notes as restricted cash. The remaining balance from Airport departure fee accounts was reclassified as 'Cash' (see Note 2.5.5).

Debt Service Reserve Account

As part of New Notes due 2027, the Company entered into Reserve Account Control Agreement with The Bank of New York Mellon ('BoNY'), in its capacity as Account Control Agent. The Reserve Account Control Agreement provides that the Company will establish and maintain a reserve account (the 'Debt Service Reserve Account') to ensure the payment of the principal and interest on the New Notes. The amount in the Debt Service Reserve Account shall be equal to or greater than the next two quarterly payments of the principal and interest on the New Notes.

Project account

The Company maintained its funds from the new Notes in a project account with The Bank of New York Mellon awaiting future investments. The total funds used for capital investments during the year amounts to ANG 16,851,398 (2014: ANG 23,832,514). The current portion of the project accounts is based on the budgeted capital investments in 2016.



2.5.8 Accounts receivable

	2015	2014
	ANG	ANG
Accounts receivable	25,425,789	25,602,946
Provision for bad debts	(2,209,583)	(3,017,628)
	<u>23,216,206</u>	<u>22,585,318</u>

Details of changes in provision for bad debts are as follows:

	2015	2014
	ANG	ANG
Balance as at January 1,	3,017,628	3,453,812
Provision for the year	1,989,430	498,432
Recovery/reversal	(1,387,040)	(606,534)
Write-off	(1,410,435)	(328,082)
Balance as at December 31	<u>2,209,583</u>	<u>3,017,628</u>

In February 2016, the Company received the settlement of the long-outstanding receivables with Windward Islands Airways International N.V. amounting to ANG 924,120 in accordance with the settlement agreement executed in May 2014. The acceptance of the settlement resulted in a write-off of receivables amounting to ANG 1,000,000. Further, this resulted to a recovery/reversal of bad debts amounting to ANG 924,120 in the statement of comprehensive income.

The fair values of the Company's receivables approximate the carrying values due to its relatively short-term maturities.



2.5.9 *Loan receivable*

	2015	2014
	<u>ANG</u>	<u>ANG</u>
Due within one year	213,600	213,600
Due more than one year but within five years	854,400	854,400
Due beyond five years	1,281,600	1,495,200
	<u>2,349,600</u>	<u>2,563,200</u>

In 2001, PJIAE has lent its shareholder ANG 5,340,000 (USD 3,000,000) over a 25 year period at no interest. This was done to enable the shareholder to purchase the rights of a long lease on an area of land on which PJIAE constructed the new terminal building. The fair value of loan receivable to PJIAH amounts to ANG 1,774,250 (2014: ANG 1,893,191). The fair value of the loan receivable is based on cash flows discounted using a discount rate of 5% which is approximately the market rate.

2.5.10 Property and equipment

	Terminal, related works & infrastructure	Land and Buildings	Furniture, fixtures vehicles & equipment	Terminal building improvements	Assets under construction	Total
	ANG	ANG	ANG	ANG	ANG	ANG
As at January 1, 2014						
Cost	254,587,720	86,524,750	35,493,657	-	43,901,071	420,507,198
Accumulated depreciation	(94,220,552)	(49,871,294)	(30,626,321)	-	-	(174,718,167)
Net carrying value	160,367,168	36,653,456	4,867,336	-	43,901,071	245,789,031
Year ended December 31, 2014						
Opening net carrying value	160,367,168	36,653,456	4,867,336	-	43,901,071	245,789,031
Additions	566,568	120,827	1,610,400	-	28,541,557	30,839,352
Reclassification/transfer	43,579,652	-	1,547,772	13,311,218	(58,438,642)	-
Depreciation	(15,593,991)	(4,325,576)	(2,448,552)	(278,155)	-	(22,646,274)
Closing net carrying value	188,919,397	32,448,707	5,576,956	13,033,063	14,003,986	253,982,109
As at December 31, 2014						
Cost	298,733,940	86,645,577	38,651,829	13,311,218	14,003,986	451,346,550
Accumulated depreciation	(109,814,543)	(54,196,870)	(33,074,873)	(278,155)	-	(197,364,441)
Net carrying value	188,919,397	32,448,707	5,576,956	13,033,063	14,003,986	253,982,109
Year ended December 31, 2015						
Opening net carrying value	188,919,397	32,448,707	5,576,956	13,033,063	14,003,986	253,982,109
Additions	917,122	168,435	2,057,440	3,445,657	15,581,803	22,170,457
Reclassification/transfer	3,233,207	3,938,695	2,978,028	(1,504,948)	(8,644,982)	-
Depreciation	(17,093,826)	(4,365,028)	(3,115,313)	(1,090,866)	-	(25,665,033)
Closing net carrying value	175,975,900	32,190,809	7,497,111	13,882,906	20,940,807	250,487,533
As at December 31, 2015						
Cost	302,884,269	90,752,707	43,687,297	15,251,927	20,940,807	473,517,007
Accumulated depreciation	(126,908,369)	(58,561,898)	(36,190,186)	(1,369,021)	-	(223,029,474)
Net carrying value	175,975,900	32,190,809	7,497,111	13,882,906	20,940,807	250,487,533

New Terminal Building

On October 25, 2006, the New Terminal Building (NTB) was officially opened and operational. The amount capitalized includes capitalized borrowing costs amounting to ANG 21,792,968 which will be depreciated over the useful life of the NTB. Capitalized borrowing costs represent attributable costs associated with the attracting of the financing needed for the construction of the NTB and capitalized interest during the construction period.

Land

Included under land and buildings are the rights of long lease for an area known as the B.B.W. area for a period of 50 years (expiring in 2047). The purchase price of this asset was ANG 6,230,000. Management is in the process of updating the registration of its real estate. No depreciation is calculated on the land.



Capital Improvement Program

As part of PJIAE's Capital Improvement Program, funds from the bond loan issued in 2012 was allocated and used to acquire properties and start several projects such as implementation new commercial strategy, runway rehabilitation, beautification of the roundabout and construction of taxiways. The total 'Asset under constructions' related to Capital Improvement Program amounts to ANG 11,817,887 (2014: ANG 14,003,986). The total amount of assets capitalized under 'Capital Improvement Program' includes capitalized borrowing costs amounting to ANG 4,237,588 as at December 31, 2015 (2014: ANG 3,786,777) which are recorded as part of 'Asset under construction' and 'Terminal, related works & infrastructure' accounts.

The carrying amounts of the Company's property and equipment are pledged as security for current and non-current borrowings (see Note 2.5.12).

2.5.11 Accounts payable and accrued expenses

	2015	2014
	ANG	ANG
Accounts payable	4,844,334	7,776,917
Deposits received	2,533,263	3,018,730
Accrued vacation days	474,016	813,843
Accrued interest expense	370,956	-
Accrued expenses	639,156	1,307,976
Accrued turnover taxes	91,839	44,350
Others	74,208	260,429
	<u>9,027,772</u>	<u>13,222,245</u>

The fair values of the Company's accounts payables and accrued expense approximate the carrying values due to its relatively short-term maturities.

2.5.12 Long term liabilities

	2015	2014
	ANG	ANG
5.5% fixed rate senior secured notes	212,212,291	223,775,112
LVFM loan	5,356,585	5,737,352
OBNA loan - Flamingo Pond	1,863,650	2,129,595
	<u>219,432,526</u>	<u>231,642,059</u>
Long-term liabilities - current portion	(12,963,732)	(13,317,179)
Total long-term liabilities	<u>206,468,794</u>	<u>218,324,880</u>



5.5% Fixed Rate Senior Secured Notes

In September 2012, PJIAE offered to the holders of the outstanding 8.25% fixed rate notes due May 28, 2019 ('Existing Notes') to exchange for fixed rate senior secured notes due 2027 ('New Notes') ("Exchange Offer"). In the Exchange Offer, which was completed on December 11, 2012, the Company received 88.9% of the aggregate outstanding principal amount of Existing Notes which was above the 85% threshold consent required under the Existing Notes Trust Indenture.

As a result of the Exchange Offer, USD 10,594,000 of Existing Notes was retained ("Retaining Holders"); USD 59,793,000 of Existing Notes was exchanged and immediately sold in the New Notes offering ("Selling Holders"); and USD 6,980,000 of Existing Notes were repurchased with proceeds from the New Notes offering ("Repurchased Holders").

On December 20, 2012, PJIAE issued 5.50% fixed-rate senior secured notes with an aggregate principal amount of USD 142,645,000 (ANG 256,761,000) ("New Notes"), which include USD 10,594,000 Retaining Holders Notes and USD 132,051,000 new money issuance. The proceeds of the New Notes have been used to (i) finance a capital improvement program, (ii) pay transactions cost incurred in connection with the Exchange Offer and the New Notes offering and (iii) repurchase certain Existing Notes from the Repurchased Holders.

Interest payments and the principal amount of the New Notes will be paid in 60 installments payable on each quarter commencing March 20, 2013 and terminating on December 20, 2027. The issue price of the New Notes is 95.5%.

After consummation of the Exchange Offer and the New Notes offering as described above, PJIAE exchanged the New Notes with a total fair value of ANG 139,260,000 (USD 77,367,000) for the Existing Notes with carrying value of ANG 120,981,905.

PJIAE incurred bond issuance costs totaling ANG 11,899,881. Bond issuance costs are amortized over the term of the Notes using the effective interest method.

The details of unamortized bond issuance cost, presented as a deduction from the Company's long-term liabilities are as follows:

	2015	2014
	ANG	ANG
Bond discount	848,979	961,682
Transaction costs	7,653,834	8,668,158
	<u>8,502,813</u>	<u>9,629,840</u>

As of December 31, 2015, the total balance of the New Notes amounts to ANG 212,212,291 (2014: ANG 223,775,112).



The New Notes will be secured by (i) all amounts on deposits for ADF accounts; (ii) an assignment under St. Maarten law of PJIAE's right to receive all payments of the Airport Departure Fees payable by airlines that presently have, or will pay in the future, an agreement with PJIAE to pay Airport Departure Fees either directly or through PJIAE into the applicable ADF account or other airlines that pay Airport Departure Fees to the International Airport Transportation Association (IATA) pursuant to a contract with PJIAE for such collection; (iii) an assignment of all relevant insurance policies of PJIAE, including business interruption insurance and third party liability insurance; and (iv) all amounts deposited in Debt Service Reserve Account.

The Debt Service Reserve Account for the New Notes has been funded by eight (8) quarterly transfers from operating cash flow starting March 20, 2013 so that the total Debt Service Reserve Account at all times after December 20, 2014 will be equal at least to the sum of the maximum of six months payment of principal and interest with respect to the New Notes.

Under the New Notes, PJIAE will not permit the Debt Coverage Ratio, as of the last day of any two consecutive fiscal quarters, to be less than 1.25 to 1.00.

The fair value of 5.5% fixed rate senior secured notes as at December 31, 2015 amounts to ANG 160,000,000. The fair values of the long-term liabilities above are based on cash flows discounted using a discount rate of 5% which is approximately the market rate.

Luchthaven Veiligheid Financierings Maatschappij N.V. (LVFM) loan

In 1999, PJIAE purchased the building rights (which include part of the runway and aircraft taxi platforms) from the former operator of the airport. In this transaction, PJIAE also took over the loan from said former operator with LVFM, who in turn had a loan agreement with the Nederlandse Participatie Maatschappij Nederlandse Antillen (NPMNA) in the amount of ANG 8,800,000.

On March 5, 2008, the Ontwikkelingsbank van de Nederlandse Antillen N.V. (OBNA) purchased this loan from NPMNA. The term of this loan is 30 years with 8 years grace period included for repayment of the principal amount. The loan bears an interest of 2.5 % per year. Interest is first due one year after the first draw on the loan. Redemption of the principal amounts will take place in 22 equal annual installments and started in the year 2006. PJIAE took over all rights and obligations pertaining to the LVFM loan. A first mortgage right is granted to LVFM on the aforementioned building rights, to secure LVFM's rights. The outstanding balance of this loan as at December 31, 2015 amounts to ANG 5,356,585 (2014: ANG 5,737,352).

The fair value of LVFM loan as at December 31, 2015 amounts to ANG 3,906,312 (2014: ANG 4,082,931). The fair value of LFVM loan is based on cash flows discounted using a discount rate of 5% which is approximately the market rate.

OBNA loan - Flamingo Pond

In 1998, the NPMNA has granted PJIAE a loan in the amount of ANG 6,300,000 for the filling of the Flamingo Pond. On March 5, 2008, OBNA purchased this loan from NPMNA. The interest is 2.5% per year. Interest is first due one year after the first draw on the loan. The term of the loan is 30 years, with a grace period of 8 years for repayment of the principal amount. Redemption of the principal amount is to take place in 22 equal annual



installments, first one to start in 2007. The outstanding balance of this loan as at December 31, 2015 amounts to ANG 1,863,650 (2014: ANG 2,129,595).

The fair value of OBNA loan as at December 31, 2015 amounts to ANG 1,554,833 (2014: ANG 1,734,075). The fair value of the OBNA loan is based on cash flows discounted using a discount rate of 5% which is approximately the market rate.

Finance cost

The total interest expense for the above long-term liabilities in 2015 amounts to ANG 14,256,931 (2014: ANG 14,379,510), of which ANG 450,811 (2014: ANG 1,899,743) is capitalized as part of 'Property and equipment' account.

2.5.13 Provision for jubilee bonus

The movement of this account is as follows:

	2015	2014
	ANG	ANG
Balance as at January 1,	2,538,662	2,405,513
Current service cost	187,483	175,165
Interest cost	133,585	120,889
Past service cost	85,138	-
Bonus paid	(156,127)	(141,797)
Actuarial loss (gain)	16,539	(21,108)
Balance as at December 31	<u>2,805,280</u>	<u>2,538,662</u>

In December 2015, a new Collective Labour Agreement effective 2015 to 2018 has been signed. The modifications of employee benefits resulted in recognition of past service cost amounting to ANG 85,138 in the statement of comprehensive income:

The provision for jubilee bonus has been calculated using a discount rate of 5% (2014: 5%) and future salary increase of 3% (2014: 3%).

The effect of a 0.5% change in discount rate is as follows:

	0.5% increase	0.5% decrease
	ANG	ANG
Effect on the provision for jubilee bonus	<u>(130,000)</u>	<u>141,000</u>



2.5.14 Equity

Share capital

The authorized capital consists of 1,000 shares with a value of ANG 1,000 per share, in which 200 shares are issued and paid-up.

Contributed surplus

In 1998, PJIAE entered into a loan agreement with Nederlandse Participatiemaatschappij voor de Nederlandse Antillen (NPMNA). On March 5, 2008, OBNA purchased this loan from NPMNA in the amount of ANG 6,300,000. At the same time, the Netherlands made available a grant in the amount of ANG 5,200,000, which was designated as contributed surplus.

2.5.15 Related party transactions

The Company, in the ordinary course of business, has transactions with related parties. Significant related party transactions include the following:

Related party	Transactions	2015	2014
		ANG	ANG
<i>Ultimate Parent</i>			
Government of St. Maarten	Parking rent	44,132	42,052
	Access card fee	10,801	12,332
	Provision for bad debts	54,933	224,002
<i>Parent</i>			
PJIAH	Rent expense	573,600	573,600
	Repayment of loan receivable	213,600	213,600
<i>Entity under common control</i>			
LVFM	Repayment of long-term liability	380,767	-
	Interest expense	145,426	154,842

The outstanding balances of the Company's related party receivables and payables are as follows:

	2015	2014
	ANG	ANG
Loan receivable - PJIAH	2,349,600	2,563,200
Loan payable - LVFM	5,356,585	5,737,352



Loan receivable - PJIAH

The loan to PJIAH was provided interest free, repayment is to take place in 25 equal yearly installments (see Note 2.5.9).

Loan payable - LVFM

LVFM has financed a project for PJIAE with regards to the strengthening and upgrading of the runway. LVFM is fully owned by the Island Government of St. Maarten. PJIAE entered into a loan agreement with LVFM in the amount of ANG 8,800,000 payable in 22 equal annual installments with first payment due in 2006 (refer to note 2.5.12).

Lease agreement with PJIAH

In February 2001, PJIAE has entered into a lease agreement with PJIAH, whereby PJIAE leases the Airport facility (premises) for the purpose of operating an international airport. The lease agreement calls for monthly lease payments in the amount of ANG 47,800 for a duration of 25 years. The total annual lease payment amount to ANG 573,600. The lease will automatically be renewed if the concession is extended or renewed. The lease will be terminated prior to its expiration date in the event the concession is revoked or cancelled in accordance with the relevant stipulations of the concession.

As of December 31, the future minimum lease payments under the lease agreement are as follows:

	2015	2014
	ANG	ANG
Not later than one year	573,600	573,600
Later than one year and not later than five years	2,294,400	2,294,400
Later than five years	5,736,000	6,309,600
	<u>8,604,000</u>	<u>9,177,600</u>

The details of key management compensation are as follows:

	2015	2014
	ANG	ANG
Short term benefits	1,111,070	1,299,281
Pension contributions	79,119	114,048
	<u>1,190,189</u>	<u>1,413,329</u>

Key management, including the Supervisory Board of Directors, in 2015 comprised of 9 persons (2014: 11 persons).



2.5.16 Airport revenues

Passenger accommodation fees

Passenger accommodation fee includes Airport Departure Fee (ADF) for international and domestic destinations, ADF for transfers and Airport Improvement Fee (AIF). ADF for international destinations amounts to ANG 64.80 or USD 36.00 (2014: ANG 64.80 or USD 36.00) per passenger. ADF for destinations within the former Netherlands Antilles amounts to ANG 39.60 or USD 22.00 (2014: ANG 39.60 or USD 22.00) per passenger. ADF for a departing passenger that is transferring between two flights on the same day pays ANG 10.80 or USD 6.00 (2014: ANG 10.80 or USD 6.00).

AIF charged to departing passengers amounts to ANG 9 or USD 5 (2014: ANG 9 or USD 5) per departing passenger.

Airport fees

Airport fees are charges levied on aircraft that use the airport, either by commercial airlines or general aviation. By Island Decree of October 14, 1997 (operating concession), PJIAE received the right to operate the airport at St. Maarten. Same ordinance (as amended by decree of July 5, 2005 nr 667) also stipulates that landing and parking fees are established by PJIAE after approval by the Executive Council. Furthermore, PJIAE has to adhere to rules and regulations set by the Federal Aviation Department of the Netherlands Antilles or its successor and those of the International Civil Aviation Organization (I.C.A.O.) and provide adequate security and fire department services. Airport fees consist of:

	2015	2014
	ANG	ANG
Navigation and air traffic control fees	7,969,391	8,050,675
Landing fees	7,373,706	7,486,878
Overflight fees	1,030,362	-
Parking fees	308,258	309,535
Overtime fees	136,300	159,500
Lighting fees	105,759	117,827
	<u>16,923,776</u>	<u>16,124,415</u>

During the year, the Company introduced the overflight fee that will be charged to certain airlines utilizing the ATS of Company (without land and departing in SXM). This new revenue stream resulted in recognition of overflight fee income amounting to ANG 1,030,362.

Passenger screening fees

Each passenger must pay a screening fee for security at the time of ticket purchase. Airlines collect this fee and remit to PJIAE. The passenger screening fee amounts to ANG 19.64 or USD 10.91 per departing passenger (2014: ANG 19.64 or USD 10.91).



2.5.17 Rents and concessions

	2015	2014
	ANG	ANG
Shops and offices in main building	10,832,549	8,346,513
Contract fees	1,797,880	1,939,684
Cargo building rent	613,465	743,240
Car rental	332,937	333,206
Other rent of space	811,483	770,188
	<u>14,388,314</u>	<u>12,132,831</u>

The Company entered into various operating leases of its office and commercial space with airlines, cargo agent, car rental companies, retail companies, ground handler, pax handlers and other offices. The lease terms are between 1 and 15 years, and the majority of lease agreements is renewable at the end of the lease period.

Further, the Company entered into various concession agreements with different service and product providers within the airport premises. The concessionaires will pay the Company certain percentages of their gross revenues. The concession terms are between 1 and 7 years.

The future aggregate minimum rent and concession income under non-cancellable operating leases are as follows:

	2015	2014
	ANG	ANG
Not later than one year	2,780,030	4,102,216
Later than one year and not later than five years	1,792,737	2,704,636
Later than five years	-	236,149
	<u>4,572,767</u>	<u>7,043,001</u>

The above future minimum rent and concession income does not include the new concession agreements of which future income is based on a percentage of sales.



2.5.18 Other revenues

	2015	2014
	ANG	ANG
Throughput charges	3,190,846	3,184,823
VIP lounge income	1,060,561	1,099,373
One-time-fee to secure the new service agreement	900,000	-
Parking	840,008	824,815
Service charges to concessionaires	424,921	274,481
Advertising	415,800	415,800
Other income	1,153,058	1,199,909
	<u>7,985,194</u>	<u>6,999,201</u>

Throughput charges

PJIAE levied a fee of ANG 0.04 (2014: ANG 0.04) per liter of high octane fuel and ANG 0.10 (2014: ANG 0.10) for each liter of lubricant sold by SOL and Texaco at the Airport's premises.

Advertising

In 2003, PJIAE entered into a contract with Interspace Airport Advertising N.V. to outsource the rent and sale of advertising space. The term of the contract is effective until August 31, 2015. This contract has been extended until June 30, 2016.

One-time-fee to secure the new service agreement

To secure the concession for the ground handling services to commercial airlines and cargo planes, the Company charged Menzies Aviation St. Maarten B.V. a one-time fee of ANG 900,000. This ground handling agreement is effective from March 1, 2015 to December 31, 2020.

Other income

Other income consists of fees collected for security, cleaning, garbage removal, air-condition, gas, service charge, training income and insurance claim income.



2.5.19 Personnel expenses

	2015	2014
	ANG	ANG
Salaries	20,764,856	20,239,054
Social security and medical premiums	3,323,813	3,286,511
Pension premiums	1,990,520	1,623,429
Overtime	1,480,845	1,510,975
Provision for jubilee bonus	266,618	154,257
Other personnel expenses	1,140,427	1,630,541
	<u>28,967,079</u>	<u>28,444,767</u>

Other personnel expenses include trainings, uniforms, overtime meals and other personnel benefits.

The average number of employees during 2015 was 274 (2014: 268).

2.5.20 Other administrative expenses

	2015	2014
	ANG	ANG
Corporate social responsibility projects	1,123,853	1,041,146
Turnover tax	1,084,076	915,907
Travel expenses	1,002,928	1,018,177
Outside services	978,634	417,027
Bank charges	732,779	730,636
Telephone	652,314	597,491
Rent	573,600	573,600
Food and beverages	533,202	528,497
Software support/supplies	293,433	238,905
Supervisory Board fees	157,873	178,364
Vehicle costs	100,774	140,370
Others	1,990,584	1,508,566
	<u>9,224,050</u>	<u>7,888,686</u>

Others include fire-fighting materials, freight cost, postal charges, entertainment expense, exchange difference, other supplies and services.



2.5.21 Profit taxes

	2015	
	ANG	ANG
Profit before tax		11,418,617
Add:		
Adjustment TOT, 10% of the paid TOT	108,407	
Travel and entertainment	312,175	
Donations	188,123	
		608,705
Add:		
Addition to the cessantia provision		(844,777)
Less:		
Investment allowance 2014	(2,732,355)	
Investment allowance 2015	(2,102,171)	
		(4,834,526)
Add: commercial depreciation	25,665,033	
Less: fiscal depreciation	32,007,786	
		(6,342,753)
Fiscal result 2015		5,266
Compensation with carryforward losses applied in 2015		(5,266)
Taxable result		-

The profit tax expense comprises the deferred tax expense from the following temporary difference:

	2015	2014
	ANG	ANG
Temporary differences:		
Cessantia	(844,777)	304,490
Accelerated depreciation	(6,342,756)	-
Carryforward losses applied in 2015	(5,266)	(5,443,334)
	(7,192,799)	(5,138,844)
Profit tax rate	34.50%	34.50%
Deferred profit tax expense	(2,481,516)	(1,772,901)



The reconciliation of statutory tax rate to effective tax rate applied to profit before profit tax is as follows:

	2015	2014
	ANG	ANG
Profit tax at statutory rate	3,939,423	3,626,136
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	210,004	454,420
Taxable income charged to equity	-	7,282
Investment allowance	(1,667,911)	(2,314,937)
Profit tax expense	<u>2,481,516</u>	<u>1,772,901</u>

The deferred tax asset (liabilities) relate to the following as of December 31:

	2015	2014
	ANG	ANG
<i>Deferred tax asset</i>		
Carry-forward losses	-	1,818
<i>Deferred tax liabilities</i>		
Cessantia	(966,335)	(674,888)
Difference between commercial and fiscal depreciation	(7,357,064)	(5,168,813)
	<u>(8,323,399)</u>	<u>(5,843,701)</u>

2.5.22 Provisions and contingencies

The Company has a pending claim settlement from a person injured due to a departing aircraft. The Court of Appeal made a final ruling in 2005 and ordered the Company to pay the claimant for the damages suffered. In January 2010, the claimant submitted a claim for damages which estimates at USD 1,000,000. There was limited supporting documents attached to the claim and has been considered to be insufficiently substantiated. In October 2015, an advance payment of USD 200,000 was requested by the claimant based on calculation of the damages, including legal interest of USD 885,344. The Court procedure to establish the amount of the damages is currently pending. The Company denies the damages and the full amount of the claim. However, Management expects to pay the claimant of an amount of USD 200,000 plus legal interest based on available information. Management recognized a provision for this amount, including the legal interest and this provision is presented as part of the 'accounts payable and accrued expenses' account (see Note 2.5.11).



3 Supplementary information

The information included in this section are the USD translation of the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows as presented in the financial statements.



Statement of Financial Position (In US Dollars)

	As at December 31	
	2015	2014
	USD	USD
ASSETS		
Current assets		
Cash and cash equivalents	14,202,943	7,287,421
Short-term bank deposits	7,166,217	7,166,217
Restricted cash accounts - current portion	15,241,218	20,451,303
Accounts receivable - net	12,897,892	12,547,399
Loan receivable - current portion	118,667	118,667
Other receivables and prepaid expenses	98,885	86,042
	<u>49,725,822</u>	<u>47,657,049</u>
Non-current assets		
Restricted cash accounts - non-current portion	7,013,893	9,644,109
Deferred tax asset	-	1,010
Long-term loan receivable	1,186,667	1,305,333
Property and equipment	139,159,741	141,101,172
	<u>147,360,301</u>	<u>152,051,624</u>
Total assets	<u><u>197,086,123</u></u>	<u><u>199,708,673</u></u>
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued expenses	5,015,428	7,345,691
Long-term liabilities - current portion	7,202,073	7,398,433
	<u>12,217,501</u>	<u>14,744,124</u>
Non-current liabilities		
Long-term liabilities	114,704,886	121,291,600
Provision for jubilee bonus	1,558,489	1,410,368
Deferred tax liabilities	4,624,111	3,246,501
	<u>120,887,486</u>	<u>125,948,469</u>
Total liabilities	<u>133,104,987</u>	<u>140,692,593</u>
Equity		
Share capital	111,111	111,111
Contributed surplus	2,888,889	2,888,889
Retained earnings	60,981,136	56,016,080
Total equity	<u>63,981,136</u>	<u>59,016,080</u>
Total liabilities and equity	<u><u>197,086,123</u></u>	<u><u>199,708,673</u></u>



Statement of Comprehensive Income (In US Dollars)

	Year ended December 31	
	2015	2014
	USD	USD
REVENUES		
Passenger accomodation fee	31,769,269	30,521,713
Airport fees	9,402,098	8,958,008
Passenger screening fees	9,345,004	9,080,597
Rent and concessions	7,993,508	6,740,462
Other revenues	4,436,219	3,888,445
	<u>62,946,098</u>	<u>59,189,225</u>
COSTS AND EXPENSES		
Personnel expenses	16,092,822	15,802,648
Depreciation	14,258,352	12,581,263
Water and eletricity	2,986,649	3,678,621
Maintenance	3,000,045	2,303,498
Professional and service fees	2,787,278	2,980,509
Insurance	2,017,027	2,250,908
Cleaning and garbage removal	1,450,007	1,431,808
Advertising and promotion fees	1,008,665	850,668
Provision for (reversal of) bad debts	102,466	(60,057)
Other administrative expenses	5,124,471	4,382,604
	<u>48,827,782</u>	<u>46,202,470</u>
OPERATING PROFIT	<u>14,118,316</u>	<u>12,986,755</u>
FINANCE INCOME AND COST		
Interest income	301,526	126,727
Interest expense	(8,076,166)	(7,274,293)
	<u>(7,774,640)</u>	<u>(7,147,566)</u>
PROFIT BEFORE INCOME TAX	<u>6,343,676</u>	<u>5,839,189</u>
Profit tax expense	(1,378,620)	(984,945)
NET INCOME FOR THE YEAR	<u>4,965,056</u>	<u>4,854,244</u>
Other comprehensive income	-	11,727
TOTAL COMPREHENSIVE INCOME	<u><u>4,965,056</u></u>	<u><u>4,865,971</u></u>



Statement of Changes in Equity (In US Dollars)

	Share capital	Contributed Surplus	Retained earnings	Total
	USD	USD	USD	USD
Balance as at January 1, 2014	111,111	2,888,889	51,150,109	54,150,109
Net income for the year	-	-	4,854,244	4,854,244
Other comprehensive income	-	-	11,727	11,727
Balance as at December 31, 2014	111,111	2,888,889	56,016,080	59,016,080
Net income for the year	-	-	4,965,056	4,965,056
Balance as at December 31, 2015	111,111	2,888,889	60,981,136	63,981,136



Statement of Cash Flows (In US Dollars)

	Year ended December 31	
	2015	2014
	USD	USD
Cash flows from operating activities		
Operating profit	14,118,316	12,986,755
Adjustments for:		
Depreciation	14,258,352	12,581,263
Provision for bad debts	102,466	(60,057)
Operating profit before working capital changes	28,479,134	25,507,961
Decrease (increase) in:		
Accounts receivable	(452,959)	(2,933,804)
Other receivables and prepaid expenses	(12,844)	(14,156)
Increase (decrease) in:		
Accounts payable and accrued expenses	(2,536,350)	837,323
Provision for jubilee bonus	148,121	85,698
Cash generated from operations	25,625,102	23,483,022
Interest received	301,526	27,939
Interest paid	(7,254,720)	(6,549,377)
Net cash provided by operating activities	18,671,908	16,961,584
Cash flows from investing activities		
Movement in restricted cash	7,840,301	9,144,532
Acquisitions of property and equipment	(12,316,921)	(17,132,973)
Receipt on long-term loan receivable	118,667	118,667
Net cash used in investing activities	(4,357,953)	(7,869,774)
Cash flows from financing activity		
Repayments on long-term debt	(7,398,433)	(7,015,468)
Net cash used in financing activity	(7,398,433)	(7,015,468)
Net increase in cash	6,915,522	2,076,342
Cash at beginning of year	7,287,421	5,211,079
Cash at end of year	14,202,943	7,287,421

CORPORATE GOVERNANCE REPORT 2015

Setting the Standard of Excellence



Princess Juliana
International Airport



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*From the Deputy
Managing Director*

FOREWORD

This report has been prepared based on the provisions of the corporate governance regulations, i.e., the Island Ordinance Corporate Governance (AB 2009, 10) and the Corporate Governance Code, amended by Island Decree number 1756 dated December 16, 2009.

It is our policy to apply and encourage strict adherence to the principles of best business practices. Essential in this regard is our emphasis on compliance with existing legislation and, being the leader in our sector and the community. As such we continuously examine our policies and procedures for observance with developments in the area of corporate governance. The Corporate Governance Code provides a good standard for the measurement of that observance. The Corporate Governance Code brings added value in the continued evolution of the corporate governance practices at PJIAE.

This report provides insight into corporate governance at PJIAE, adopted over the years and as observed by the officers of the company. The information contained herein has been furnished by management and has been prepared for the Supervisory Board to assist the external auditor with their assurance report on our evaluation of the status of compliance to the Corporate Governance Code.

This report concerns the status of compliance to the Corporate Governance Code in 2015. For ease of understanding where necessary we have included information on major subsequent events between reporting date and issuing date.

Simpson Bay, October 12th, 2016

Larry Donker
Deputy Managing Director

1. BACKGROUND

With the implementation of the Corporate Governance Code by means of the Island Ordinance Corporate Governance (AB 2009, 10) dated May 11, 2009, which became effective as of July 1, 2009 by Island Decree AB 2009, 14, and amended by Island Decree number 1756 dated December 16, 2009), Princess Juliana International Airport Operating Company N.V. (hereinafter referred to as 'PJIAE') incorporated the requirement to follow the stipulations mentioned in the Corporate Governance in PJIAE's Articles of incorporation effective July 30, 2009.

PJIAE's commitment to implementing the principles and best practices from a corporate governance perspective, is evidenced by the preparation of a corporate Governance report on which PricewaterhouseCoopers St. Maarten issues an assurance report.

The commitment by management of PJIAE to the implementation of the principles and best practices of corporate governance continues unabated. To assess the degree of implementation of the Corporate Governance Code for 2015 we have divided the Corporate Governance Code provisions in 4 categories:

1. General Principles: these are provisions regarding adherence to law, transparency, integrity a.o.;
2. Policy Development and Execution: these are provisions regarding development and implementation of effective policy;
3. Reporting and Accountability: these are provisions regarding supplying of budget, management reports and audited financial statements a.o.; and
4. Supervision: these are provisions regulating among others adequate corporate checks and balances.

For each category there are four possible levels of observance, as defined below.

Fully	All CGC requirements have been fully observed.
Substantially	All essential CGC requirements have been fully observed.
Largely	Practically all essential CGC requirements have been fully observed with only minor deviations and concrete actions in place to ensure full observance.
None	There are major shortcomings, with a large majority of the essential CGC requirements not being observed.

Taking the above into consideration this report is divided as follows. Section 2 outlines the governance structure of PJIAE. Sections 3, 4, 5, and 6 address the respective four categories of the Corporate Governance Code provisions outlined above. The report ends with some concluding remarks.

2. CORPORATE GOVERNANCE STRUCTURE

PJIAE N.V. is a limited liability company, wholly owned by PJIA Holding N.V. (hereinafter referred to as ‘PJIAH’), which in turn is wholly owned by the Government of St. Maarten. On January 3, 1997, PJIAE obtained from the Government of St. Maarten, the concession right to manage, maintain, operate and develop the airport facilities, and to conduct all financial and commercial activities related to the airport business on St. Maarten. This Concession was extended in 2004 and again in 2012 and expires in 2030.

Diagram 1 below depicts the corporate structure and relationship between the airport operating company (PJIAE) and the airport holding company (PJIAH), the Luchthavenveiligheidsfinancieringsmaatschappij (LVFM) and the Government of St. Maarten.

¹ Since October 10th, 2010, in the absence of a MD-appointment by the shareholder, the loan payments of LVFM are done directly from PJIAE to the OBNA.

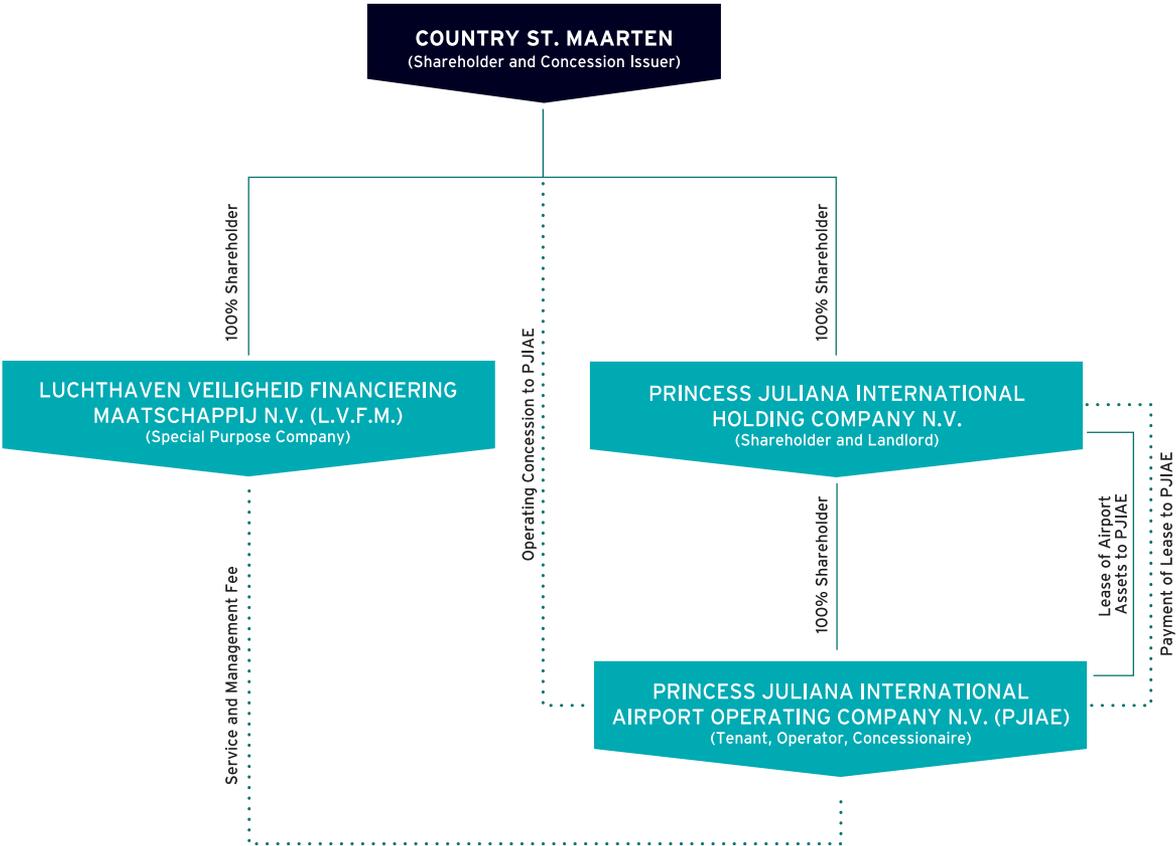


Diagram 2 below provides an overview of the officers of the companies PJIAE and PJIAH as depicted above up to December 31, 2015.

Diagram 2. Overview Supervisory and Managing Directors PJIAH/PJIAE		
Functions	PJIAH	PJIAE
Supervisory Board 1. Chairperson 2. Vice-Chairperson 3. Secretary 4. Members	Michel Hodge ^{1, 4} Dexter Doncher ² Richard Gibson Jr. ³ Ludwig Ouenniche ⁴	Gary Matser Ludwig Ouenniche Michel Hodge Melinda Hoeve Whitfield Vlaun Cleavland Beresford
Management	Joseph Peterson	Regina LaBega (MD) Larry Donker (Deputy MD) ⁵
Notes: 1. Mr. Hodge is at present the Chairman of the PJIAH SBOD 2. Mr. Doncher was the Chairman of PJIAH SBOD till August 16, 2013. As of August 16, 2013 till May 29, 2016, he was the Acting Chairman. 3. Mr. Gibson Jr. was the acting Chairman as of May 30, 2013 till August 16, 2013. As of August 16, 2013 till May 29, 2016, he was the secretary of the PJIAH SBOD. 4. Messrs. Ouenniche and Hodge were appointed to the PJIAH SBOD as per April 1, 2014 5. Mr. Donker was appointed as Deputy Managing Director of PJIAE N.V. Effective November 6, 2015.		

Over the years PJIAE, within this framework, through its prudent management and supervision developed and continues to implement best practices in the management of the company through its various internal policies and procedures, all aimed at achieving the long term objective of the company with a goal of building positive relationships with stakeholders.

The following sections provide an overview of the status of PJIAE's adherence to the corporate governance regulation.

3. CORPORATE GOVERNANCE CODE: GENERAL PRINCIPLES

It is standard practice and policy to promote the highest standard of integrity, to put the interest of the company first, to avoid conflict of interest situations, and to adhere to the law.

An important note in this regard is that PJIAE, as a company operating in a highly regulated global aviation business, faces many challenges due to physical constraints, external forces and/or practical limitations. Insofar within the control of management, PJIAE continues to seek and find ways to be the best among its peers in complying with national and international aviation standards.

Table1. Category 1: General Principles			
	Sub Category:	Ref	Status:
a.	Compliance with the law	CGC: III: 1A; 1B CGC: IV: 21A	It is PJIAE's policy and practice to ensure adherence to the law. Noteworthy is that existing physical constraints, external forces and/or practical limitations present challenges in this regard.
b.	Compliance with Articles of Incorporation	CGC: III: 1B CGC: IV 21A	It is PJIAE's policy and practice to ensure adherence.
c.	General Principles	General Principles CGC & CGC: IV: 24, 25; CGC: III: 1A, 1B, 3, 5, 6, 7, 8, 9, 10, 11, 12; CGC: IV: 19, 26, 27	It is PJIAE's standard policy and practice to ensure adherence to best business practices.

The following table provides a summary of the status pertaining to PJIAE's observance of the general principles provisions category.

Conclusion

Based on the above it can be concluded that the policies and practices of the management and the SBOD are substantially consistent with the stipulations outlined under the general principles provisions of the Corporate Governance Code.

4. CORPORATE GOVERNANCE CODE: POLICY DEVELOPMENT AND EXECUTION

The stipulations falling under this category are part of PJIAE's standard policies and practices.

The SBOD approved the 2012 – 2016 business plan in 2012, and this business plan is guiding PJIAE's activities at present. PJIAE has a wide range of documented policies and procedures. These policies and procedures take the form of business plan, business model, manuals, budgets, memoranda, circulars, resolutions and service agreements.

The following table provides a summary of the status pertaining to PJIAE's observance of the provisions under the category policy development and execution.

Table1. Category 1: General Principles			
	Sub Category:	Ref	Status:
a.	Multi-Annual Business plan	CGC: III: 1B; CGC: IV: 21A	The basis is the approved Business Plan of 2012-2016 and PJIAE's standard policies and practices. This business plan guides PJIAE activities at present.
b.	Dividend Policy	CGC: V: 30 AB 2009/10 art 5, par 1	A dividend policy was prepared by PJIAE Management in June 2009 and was approved by the SBOD.
c.	Financial Policy	CGC: IV: 21B; CGC: III: 1B	This policy is anchored in the Business Plan and the yearly Budget and is executed in keeping with the finance and accounting manual.
d.	Commercial Policy	CGC: IV: 21C	This policy is anchored in the Business Plan and the yearly Budget and is executed in line with various contracts with commercial partners.
e.	Technical Policy	CGC: IV: 21D	This policy is outlined in a variety of systems and equipment manuals, Service Level Agreements (SLAs) and Circulars. PJIAE has been organizing these policies in a separate Technical Manual as specified in Technical Circular PJIAE/PRS/eh/10-03. The Technical Manual is updated accordingly and when necessary.
f.	Social & Human Resource Policy	CGC: IV: 21E	This policy is outlined in a variety of documents. PJIAE organized these policies in a separate Human Resources Manual as specified in Human Resources Circular PJIAE/PRS/eh/10-01. The Human Resources Manual is updated accordingly and when necessary.
g.	Technology & Automation Policy	CGC: IV: 21F	This policy is outlined in a variety of documents. Based on ITT Circular PJIAE/PRS/eh/10-01. PJIAE organized the ITT policies in an ITT Manual. The ITT Manual is expanded to incorporate other/new policies and updated accordingly and when necessary.
h.	Budget or Annual Business Plan	CGC: III: 1B; CGC: IV: 21 B-F	Budget with annual business plan is prepared annually.
i.	General Policy	CGC: IV: 21A	The stipulations are part of PJIAE standard policy and practice.

Besides the policies mentioned above, PJIAE has a number of other critical policies, namely:

- a. An Aerodrome Manual, which specifies the operational policies and procedures of PJIAE; this manual forms the basis for the Civil Aviation Authority (C.A.A.) to judge the potential suitability for PJIAE to obtain an aerodrome certificate. The Aerodrome Manual is used as a daily guide and is updated, changed and/or expanded as necessary to continuously provide complete documentation of all airport operations.
- b. An Emergency Management Manual, which specifies the emergency response and management policies of PJIAE;
- c. A Security Manual, developed based on international standards, which specifies the standard security program (measures to safeguard international civil aviation against acts of unlawful interference) that serves as a guideline for security activities of PJIAE.
- d. Rescue and Fire Fighting Manual developed with the principle objective in mind that the Airport Rescue and Fire Fighting Services save lives in the event of an aircraft emergency on the airport or aerodrome.

The above mentioned manuals are updated on a regular basis as they form the basis for the audits conducted by the Department of Civil Aviation (St. Maarten). The Security Manual was approved in 2015. In 2016, audits were conducted on the Aerodrome Manual and the Emergency Management Manual (EMM under auspices of RFF). PJIAE obtained recertification for a one year period from the Department of Civil Aviation (St. Maarten).

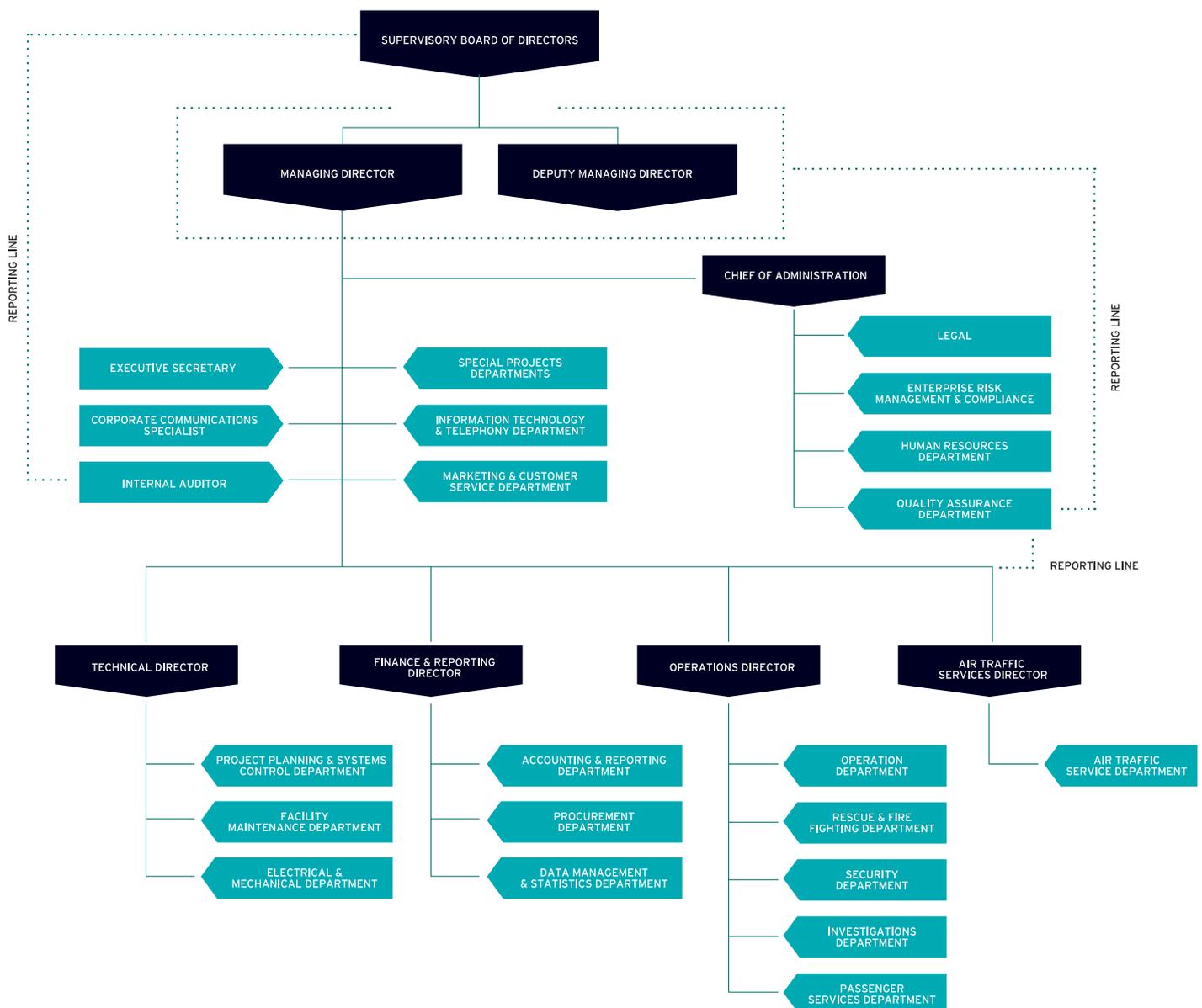
Conclusion

Based on the above it can be concluded that PJIAE's policies are substantially consistent with the stipulations outlined under the Policy Development and Execution provisions of the Corporate Governance Code and that PJIAE's practices are fully consistent with the stipulations outlined under the Policy Development and Execution provisions of the Corporate Governance Code.

5. CORPORATE GOVERNANCE CODE: REPORTING AND ACCOUNTABILITY

In keeping with PJIAE's strong corporate governance culture, PJIAE over the years has developed a comprehensive system of reporting based on clearly delineated lines of responsibilities and thus accountability. The starting point is the established organizational structure with well-defined lines of responsibilities and well-trained personnel. Diagram 3 provides an overview of the organizational structure.

PJIAE ORGANIZATION CHART



IMPORTANT NOTES: The Operations Director is currently also appointed as the Deputy Managing Director. In the absence of the Managing Director, the Deputy Managing Director will assume the full responsibilities of the Managing Director and will be relieved from the responsibilities a Operations Director.

Through the reporting system PJIAE seeks to ensure complete, accurate and timely reporting in view of timely decision-making and proper checks and balances aimed at ensuring a proper and effective execution of the business plan and policies.

As part of PJIAE's standard policies and practices PJIAE is in compliance with the majority of the stipulations falling under this category.

The following table provides a summary of the status pertaining to PJIAE's observance of the provisions under the category reporting and accountability.

Table 3: Category 3: Reporting and Accountability			
	Sub Category:	Ref	Status:
a.	General	CGC: IV: 20, 21A	PJIAE has a comprehensive system of reporting and accountability.
b.	Financial Statements or Annual Accounts	CGC: III: 1B, 3B; CGC: V: 28	It is PJIAE's standard policy and practice to prepare and issue annual financial statements timely.
c.	Annual Report	General Principles CGC CGC: V: 35; CGC: III: 4, 11; CGC: VI: 36 CGC: IV: 21B	It is PJIAE's standard policy and practice to prepare and issue annual reports. The 2015 annual report will include the results of this Corporate Governance Report. The Reports are assessed by our external auditor.
d.	Quarterly Management Report	CGC: IV: 23	It is PJIAE's standard policy and practice to prepare and issue quarterly financial management reports.
e.	Risk Management	CGC: III: 16; CGC: IV: 20	Since January 2009 PJIAE has developed a standard Risk Assessment Report for PJIAE's evolving risk evaluation process. In August 2010 PJIAE established a Risk Assessment Committee to carry out the risk evaluations based on the standard Risk Assessment Report. A Risk Assessment Committee Charter was drafted in 2015. In 2016, the Risk Assessment Committee implemented a plan of approach inclusive of weekly meetings pursuant to the draft plan of approach.
f.	Financial Audit	CGC: VI: 37; CGC: V: 34	The developments in connection with the relationship with the external auditor, among which particularly his independence are discussed annually between the SBOD and the external auditors.
g.	Information to the General Shareholders' Meeting	CGC: III: 18; CGC: IV: 20; CGC: V: 29; CGC: V: 30; CGC: V: 33	PJIAE's standard policy and practice is consistent with the pertinent provisions.
h.	Other information or reports	CGC: IV: 22, 23; CGC: III: 1B	It is PJIAE's standard policy and practice to request the required approval from the SBOD by means of Board Resolutions or to inform the SBOD of important changes or matters of PJIAE.
i.	Meeting roster Management and Supervisory Board	CGC: III: 15; CGC: IV: 23	The Management and Supervisory Board meet when considered necessary by the SBOD, and in any event at least once quarterly.

Conclusion

Based on the above it can be concluded that the policies and practices of the management and the SBOD are substantially consistent with the stipulations outlined under the Reporting and accountability provisions of the Corporate Governance Code.

6. CORPORATE GOVERNANCE CODE: SUPERVISION

In 2015, based on PJIAE's articles of incorporation the SBOD and Management were comprised as depicted in Table 4 below.

Table 4. Composition and Profile Supervisory Board and Management		
Function	Ref	Status:
Supervisory Board		
Chairperson	Mr. Gary Matser (From April 1, 2014 - present)	Mr. Gary Matser, a Dutch national, was born on November 20, 1972. His profession is an Accountant and Tax consultant. Mr. Matser is the owner and Managing Director of MGM Consultants, an accounting and tax consulting firm established in 1998. He was first appointed to the PJIAE SBOD on March 15, 2004. His current term is for the period April 1, 2014 until March 31, 2017 in accordance with article 10.7 of the articles of incorporation of PJIAE.
Vice Chairperson/ Chairperson	Mr. Ludwig Ouenniche From December 1, 2013 - present	Mr. Ludwig Ouenniche, of Dutch nationality was born on October 31, 1952. Mr. Ouenniche was the Senior Advisor and Chef de Cabinet of the Minister of Finance until November, 19 2015, and is now retired. He was appointed to the PJIAE SBOD for the first time on December 1, 2013. His term is from December 1, 2013 to November 30, 2016 in accordance with article 10.7 of the articles of incorporation of PJIAE.
Secretary	Mr. Michel Hodge From December 1, 2013 - present	Mr. Michel Hodge, of Dutch nationality was born on January 9, 1949. Mr. Hodge is a businessman, specializing in franchising and holds a degree in Airport and Airline Management from the Florida Institute of Technology. He was appointed to the PJIAE SBOD for the first time on December 1, 2013. His term is from December 1, 2013 to November 30, 2016 in accordance with article 10.7 of the articles of incorporation of PJIAE.
Member	Ms. Melinda Hoeve (From July 2, 2013 - June 30, 2016)	Ms. Melinda Hoeve, a Dutch national, was born on February 1, 1977. Her profession and also main function is Attorney-at-Law at Hoeve & Rogers Attorney & Consultants, in St. Maarten. She was appointed to the PJIAE SBOD for the first time on July 2, 2010, when she was appointed for the term running from July 2, 2010 to July 1, 2013. Her current term is from July 2, 2013 to June 30, 2016 in accordance with article 10.7 of the articles of incorporation of PJIAE.
Member	Mr. Whitfield Vlaun (From July 2, 2013 - June 30, 2016).	Mr. Whitfield Vlaun, a Dutch national, was born on October 21, 1964. Mr. Vlaun is a Banker and his main function is Manager Retail Banking at First Caribbean International Bank, in St. Maarten. He was appointed to the PJIAE SBOD for the first time on July 2, 2010. His first term was from July 2, 2010 to July 1, 2013 and his second term is from July 2, 2013 to June 30, 2016 in accordance with article 10.7 of the articles of incorporation of PJIAE.

Table 4. Composition and Profile Supervisory Board and Management (Continued)

Function	Ref	Status:
Member	Mr. Cleavland Beresford (From April 1, 2015 - present)	Mr. Cleavland Beresford, a Dutch National was born on January 7, 1950. He is the Managing Director of CBI Consultants and Services N.V., Captive Insurance Manager and Insurance Manager for setting up the TOR and bidding process for Government insurable interest. Mr. Beresford is also a Commercial, Instrument Rated Pilot. He was appointed to the PJIAE SBOD for the first time on April 1, 2012. His second term is from April 1, 2015 to March 31, 2018 in accordance with article 10.7 of the articles of incorporation of PJIAE.
Member Independence	CGC: III 6	When appointing the members of the PJIAE SBOD, the shareholder also takes article III 6 of the CGC, concerning political authorities, (in Dutch: "Politieke ambtsdragers") into consideration and after considerations, the shareholder concludes that the appointment of the SBOD members of PJIAE is not in conflict with the article.
Management	Ms. Regina LaBega	Ms. Regina LaBega, a Dutch national, was born on June 25, 1959. Ms. LaBega was appointed Managing Director as per July 1, 2011 for a period of 5 years until June 30, 2016.
Management	Mr. Larry Donker	Mr. Larry Donker, a Dutch national, was born on September 7, 1956. Mr. Donker was appointed Deputy Managing Director as per November 6, 2015.

The PJIAE SBOD consisted in 2015 of six members, which is in accordance with the articles of incorporation which stipulate that the PJIAE SBOD should consist of at least three and a maximum of seven members.

As part of PJIAE's standard policies and practices, PJIAE is in compliance with the majority of the stipulations falling under this category. The main area for PJIAE corporate governance enhancement under the provisions of this category was related to the establishment of an Audit Committee by the PJIAE SBOD. The PJIAE SBOD Audit Committee was established in March 2014. The first members were Mr. G. Matser (Chairman), Mr. M. Hodge and Mr. W. Vlaun. In line with the code, Mr. Matser stepped down in September 2014, after he became Chairman of the PJIAE SBOD. Mr. Beresford was appointed Chairman of the Audit Committee in March 2015.

The following table provides a summary of the status pertaining to PJIAE's observance of the provisions under the category supervision.

The following table provides a summary of the status pertaining to PJIAE's observance of the provisions under the category supervision.

Table 5. Category 4: Supervision			
	Sub Category:	Ref	Status:
a.	General Supervision	CGC: III: 3, 13, 16; CGC: IV: 21	The stipulations are part of PJIAE's standard policy and practice. The supervisory board monitors the activities of management through periodic reports and scheduled meetings with management.
b.	Evaluation by the SBOD (self and management)	CGC: III: 17; CGC: IV: 24; CGC: II	The PJIAE SBOD performed a self-assessment for the year 2015.
c.	Prior Approval	CGC: II	PJIAE's policies and practices are consistent with these provisions.
d.	Assignment, appointment and meeting with the external auditor	CGC: V: 34, 36; CGC: VI: 37	PJIAE policies and practices are consistent with these provisions.
e.	Signing Annual Account	CGC: VI: 37	All Board members present at the Board meeting in which the Annual account was discussed and the findings reported, consented with the annual account and signed it.
f.	Audit Committee/ Other Committees	CGC: III: 14	As of March 2014, an Audit committee of the PJIAE SBOD was established. Other committees of the SBOD are the Aeronautical and the non-aeronautical committees.
g.	Corporate Governance Council	CGC: V: 31	The appointment of the PJIAE SBOD in 2015 was done in line with article 9 of the Island Ordinance.

Conclusion

Based on the above it can be concluded that the management's policies and practices of the Management and the Supervisory Boards are largely consistent with the stipulations outlined under the supervision provisions of the Corporate Governance Code.

7. CONCLUSION

This report confirms the continued commitment of Management and the Supervisory Boards to the application of best business practices with the company's governance. Management is continuously enhancing its governance system through new initiatives as specified below, these include among others:

- a. The continued update of various policies in separate manuals, among which the Aerodrome manual, the Emergency Management Manual, The Technical division Manual and the HR Manual;
- b. The introduction of other PJIAE SBOD committees, besides a separate Audit Committee in March 2014; and
- c. The establishment of the risk assessment committee in 2015. The SBOD is committed to ensure that the PJIAE Enterprise Risk Management (ERM) be implemented in 2016. The Risk Assessment Committee Charter, drafted in 2015 forms the basis for the Risk assessment Committee plan of approach as established in 2016.

Overall, it may be concluded that PJIAE substantially complies with and is committed to the observance of the Corporate Governance provisions, and its policies and procedures are generally consistent with the letter and spirit of the Corporate Governance Code.

